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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Article Views Aspects of Gulf Situation

HK1609090490 Beijing SHIJIE ZHISHI in Chinese
No 17, 1 Sep 90 pp 2-3

[Article by Ke Si (2688 2448): "Situation of the Gulf Where War Clouds Are Gathering"]

[Text] Iraq's invasion of Kuwait took place at a time when East-West relations were tending toward relaxation and the United States and the West focused their attention on the situation in the Soviet Union and East Europe. Western media called it the "first international crisis in the post-cold war period." The sudden incident, strong reaction, and tense atmosphere arising therefrom are rare in the world today.

Since World War II, the United States has tried to prevent Soviet forces from expanding southward and encroaching on the interests of the Gulf. Unexpectedly, the menace of the Soviet Union is reduced. At a time when U.S.-Soviet relations are tending toward relaxation, it was Iraq, which was involved in an eight-year long drawn-out war and whose economic strength has not yet recovered, that occupied oil-rich Kuwait overnight and deployed troops at the border of Saudi Arabia, the leader of the oil producing nations in the Gulf. This move has indeed shocked the United States and Western nations! To maintain its security, Saudi Arabia had to ask other countries for help. To maintain its interests in the Gulf and protect Saudi Arabia, the United States reacted immediately. Apart from political condemnation and economic sanctions imposed against Iraq, the United States also requested Britain, France, and other countries to dispatch troops to the Gulf. Consequently, the tense situation in the Gulf is continuously escalating and war clouds are gathering.

According to the "Desert Shield" plan drafted by the United States, U.S. troops dispatched to the Middle East and the Gulf now total over 60,000, which include 25,000 ground forces garrisoned in Saudi Arabia and other Marine Corps and crew members. There are also 35 vessels of various models, which include the Middle East naval task force deployed in the Gulf (nine vessels), the aircraft carrier "Independence" battle group in the Indian Ocean and Amman Bay (13 vessels), and the aircraft carrier "Eisenhower" battle group in the Mediterranean and the Red Sea (13 vessels). There are also more than 300 fighters including some 150 deployed in Saudi Arabia, over 70 deployed in Turkey, and over 160 on board aircraft carriers. Moreover, the battle groups of the "Saratoga," the aircraft carrier "Kennedy," and the battleship "Wisconsin," plus the 82d and 101st Airborne Divisions, the 1st Marine Division, the 24th Mechanized Infantry Division, and follow-up units are being dispatched to the Middle East and the Gulf. According to General Schwartzkopf, commander of the U.S. task force, some 50,000 U.S. troops will arrive in Saudi Arabia in the next few weeks. If necessary, the number of

troops dispatched may reach 250,000. This move of the United States is the largest military buildup abroad since the Vietnam war. Moreover, the United States and the naval and air forces of other countries organized a "multinational force." The United States also urged Egypt, Syria, Morocco, and other countries to form a "joint Arab force" to garrison in Saudi Arabia, which will constitute a powerful military deterrent force against Iraq.

In the face of the large-scale U.S. and Western military buildup, Iraq immediately increased its armed forces in Kuwait from 170,000 to 200,000 and also deployed missiles and chemical weapons in the southern part of Iraq and the Saudi Arabian border. Meanwhile, Iraq stepped up combat readiness at home and expanded its forces. Apart from recalling the troops dismissed after the Iran-Iraq war, Iraq created 11 new divisions, bringing the total number of its troops to 1.1 million, the largest army in the Middle East.

The public is now following with interest the next step taken by Iraq. Will it readjust its forces over a period of time and launch an attack against Saudi Arabia or consolidate its existing position in Kuwait? International analysts are inclined to the latter because the United States has clearly declared that it will take military action if Iraq attacks Saudi Arabia. It is estimated that Iraq will not lightly take the risk of engaging in direct military confrontation with a superpower. In addition, there are over 10,000 "joint Arab troops" and another 10,000 "mobile troops" organized by six members of the Gulf Cooperation Council garrisoned in Saudi Arabia. Hence, attacking Saudi Arabia will be tantamount to setting itself against the majority of the Arab nations.

What, then, is the attempt of the United States? Try to drive the Iraqi troops away from Kuwait after the deployment of troops or give up Kuwait, defend Saudi Arabia, and wait for the opportune moment to overthrow Iraqi President Saddam Husayn from within? There is no doubt that the United States will counterattack if Iraq attacks Saudi Arabia or U.S. troops. If Iraq keeps its troops entrenched, it would be rather difficult for the United States to take any military action. It is estimated that there are the following possibilities:

1. In cooperation with naval and air forces, dispatch ground forces to drive the Iraqi troops out of Kuwait.
2. Dispatch superior air forces to bomb Iraq's military and economic facilities and totally destroy its capability to launch a war.
3. Continuously carry out air raids on Iraq's logistical supply lines and eventually force the Iraqi troops to withdraw from Kuwait.
4. Use naval forces to enforce the embargo against Iraq, intercept its cargo ships, and cut its economic connection with the outside world.

5. Maintain great military pressure and economic blockade against Iraq by increasing forces and effect a change within Iraq.

6. Adopt covert means to eliminate President Saddam Husayn and change the Iraqi regime and its current policies.

Whatever action is taken, measures should be adopted to prevent Iraq's retaliatory attack against the oil facilities in the Gulf and also avoid the United States from getting bogged down in a long drawn-out war. The United States will have to make many-sided estimates of these points, weigh the advantages and disadvantages, and make a final choice.

The U.S. military deployment is not yet complete. Facing such a strong opponent, Iraq will need a period of time to prepare for its next action. It is unlikely that large scale armed conflict will take place within a short time. With the completion of the deployment of U.S. forces and development of the situation, however, the possibility of U.S. military interference has also increased. Under the circumstance of the grave military confrontation, sporadic armed conflicts and exchange of fire may provoke a new crisis, leading the situation to another direction. This may happen unexpectedly.

Turkey's Role in Gulf Crisis Analyzed

HK1609070690 Beijing RENMIN RIBAO in Chinese
13 Sep 90 p 6

["News analysis" by Zheng Yuanyuan (6774 0954 0954):
Turkey in the Gulf Crisis"]

[Text] Sharing a border with Iraq, Turkey joined the ranks of nations exercising sanctions against Iraq after the outbreak of the Gulf crisis. Turkey has shut off two oil pipelines passing through it from Iraq, and blockaded the 300 km-border it shares with Iraq. With a majority vote on 5 September, the Turkish Grand National Assembly adopted a resolution on approving foreign troops stationed in Turkish territory and authorized the Government to unconditionally dispatch troops to the Gulf. Fourteen U.S. F-111 bombers have already conducted "routine training" at the NATO base in Turkey.

Turkey is a country that spans Europe and Asia, and is thus a very important strategic place. As a NATO member, Turkey forms the southeastern flank of NATO. It boasts 650,000 troops, ranking second only to the United States in the number of troops. Turkey has been regarded as the irreplaceable "safety valve" in U.S. strategy for the Middle East. Turkish current measures have become one of the key factors that have a bearing on the success or failure of the embargo. Therefore, Turkey's implementation of the embargo has won praise from all Western countries.

Turkey's support of the United States in the current Gulf crisis is in line with its persistent foreign policy. Turkish President Ozal has stated repeatedly that augmenting

solidarity with the West is Turkish national policy. Turkey has, for years, been very careful and meticulous with regards to the Middle East conflict, has strictly maintained its neutrality, and implemented a policy of balance. In the 1973 Arab-Israeli conflict, the United States attempted to provide Israel with supplies through Turkish airspace and to utilize Turkish installations, but was turned down. In the eight-year Iraq-Iran war, Turkey maintained sound relations with both Iran and Iraq separately, while its trade volumes with these two countries were largely the same.

Analysis of Western public opinion showed that there are some other factors to account for Turkey's support of the United States with its practical actions, explicitly taking the side of the Western alliance. During the "cold war" years, NATO regarded Turkey as a force to contain the USSR to its south. With the end of the "cold war," NATO tended to neglect Turkey's strategic place. Ozal complained about it saying, "that is shortsightedness." It seems that Turkey wishes to remind its allies in the current crisis that Turkey's role in NATO's global strategy remains important. Second, Turkey officially sent in its application for EEC membership in April 1987; for three years and more, Turkey has kept knocking at the door of the EEC, but has been repeatedly turned down. President Ozal put it explicitly that Turkey standing on the side of the Western world in the current crisis is "an opportunity to open up the door to the West." And third, the dispute between Turkey and Greece remains with regards to the Cyprus issue. For a long time, Greece has been opposed to NATO implementing measures that are helpful to beefing up Turkish military strength. Turkey hopes to change its allies' views through its performance in the current crisis.

However, the price for the embargo can be very high. Turkey has been an important oil entrepot to Iraq, and its trade partner. The trade volume between the two countries was \$1.3 billion in 1989. It is estimated that the embargo will cut back Turkey's annual income by between \$2.5 billion and \$3 billion. Presently, Turkey is worried by its inflation rate of 50 percent and up. With the implementation of the embargo, Turkey's inflation and unemployment rates will continue to rise. Turkey is trying to make compensation for this. Kuwait, the United States, Japan, and the EEC have recently expressed their wishes to provide aid to Egypt, Jordan, and Turkey, who have suffered the most from the embargo. Regarding this, President Ozal stated that he cherished greater hope for compensation from the West by relaxing their trade quotas. For example, the EEC is ready to raise the quota for Turkish textile exports by 35 percent.

Generally speaking, President Ozal's stand in the Gulf crisis has won the support of world public opinion; however, there is also the voice of opposition. A former Turkish ambassador to the EEC said: "It would be wrong to try to make a shortcut to get into the EEC in this way."

Response to U.S. Gulf Proposal Assessed

HK1409140490 Beijing RENMIN RIBAO in Chinese
14 Sep 90 p 6

["Roundup" by Zhang Zhuji (1728 4376 1015): "West Europe Is Not Willing To Be Drawn by the United States Into the War Whirlpool"]

[Text] On 7 September the EEC Foreign Ministerial special meeting on the Gulf crisis provided the following answer to the U.S. proposal for "sharing the responsibility." It will provide 2 billion U.S. dollars' worth of aid for Egypt, Jordan, and Turkey, which have suffered the most serious losses in the Gulf crisis; but it did not commit itself on the question of sharing the U.S. military expenditure in the Gulf. A French newspaper had this to comment: "Europe is an ally of the United States, but this ally is cautious. It takes precautions against the military action the United States might possibly take." "It is unwilling to be dragged into a war whirlpool."

After the Iraqi invasion of Kuwait on 2 August triggered the Gulf crisis, West European countries condemned Iraq's aggression. Britain and France took the lead in dispatching troops to the Gulf to support the United States. Subsequently, warships from the Netherlands, Spain, Portugal, Greece, Italy, and Belgium were arriving in the Gulf. Even West Germany sent five mine-sweeping naval vessels to the eastern part of the Mediterranean in place of the U.S. naval forces despite the prohibition of the relevant basic regulations that it cannot dispatch military forces to regions beyond the NATO framework. As a result, a military confrontation arose in the Gulf between Iraq and the United States and involved a dozen or so Western allies. West Europe has generally effectively supported the United States since the outbreak of the Gulf crisis, and both sides have coordinated very well. But a meticulous observation suggests that West European proposals and practices are still different from those of the United States.

First, after the outbreak of the Gulf crisis the Bush administration pointed out that Iraq was the cause of danger to U.S. interests in the Middle East, and therefore it wanted to take this opportunity to settle accounts with Iraq. But West European countries were of the opinion that the "Desert Shield" action was limited to protecting Saudi Arabia from Iraq's invasion, while the Kuwait-Iraq conflict and to what degree Kuwait must resume its sovereignty should remain within the Arab framework.

Second, many Americans think a war is inevitable in the current Gulf crisis. President Bush has also made it clear on several occasions that there is not much hope of resolving the crisis by diplomatic means. But West Europe insists everything should proceed according to the UN Security Council's resolution. On 12 August, Bush ordered the U.S. Navy to impose a sea "blockade" against Iraq, and employ the use of force if necessary. At a UN Security Council session France criticized the United States for taking action too early, which went

beyond the UN Security Council's "embargo" resolution. During a meeting with Jordan's King Husayn on 4 September, the Italian prime minister said the purpose of imposing powerful pressure on Iraq was to isolate it politically and economically and to avoid making a military choice. At the EEC Foreign Ministerial special meeting last week, EEC Chairman and Italian Foreign Minister de Michelis said point blank: "The EEC sides with the United States within the framework of the UN resolution, it is not under U.S. control."

Third, out of consideration for traditional relations as well as geological and political reasons, West Europe still cares for its relations with the Arab world in the current Gulf crisis. After the outbreak of the Gulf crisis, France dispatched 12 special envoys to different Arab nations to solicit their opinions. The EEC Foreign Ministerial special meeting also issued a statement concerning its relations with Arab nations: "It is determined to consolidate and strengthen its historic, friendly relations with the Arab world." The meeting decided to carry out some contacts in an effort to hold a meeting with members of the Arab League next month.

Apart from all this, people have also noticed that the 12 member nations of the EEC have paid much attention to coordinating their relations since the outbreak of the Gulf crisis in order to speak in one voice. Forbidding oil imports from Iraq, freezing Iraqi and Kuwaiti assets in the EEC, banning arms sales to Iraq, and suspending military, scientific, and technological cooperation with Iraq are all unanimous actions taken by the EEC. What is noteworthy is this: As the only defense organization in West Europe, the Western European Union had remained unheard of since its establishment in 1954. It conducted some activities years ago. But after the outbreak of the Gulf crisis, it held a meeting of military leaders for the first time, to designate tasks in the Gulf for its member nations and to study a coordinative action with U.S. vessels, logistics supplies, and exchanges of information, suggesting that it is an independent force.

According to an analysis by Western public opinion, one of the U.S. goals during the current crisis is to establish a new order under which the United States will continue to "display a certain leadership role" after the end of the East-West cold war. Whereas West Europe, which is developing into a political pole in the emerging multipolar world, is unwilling to see the emergence of such a situation from the current crisis. This is an important reason why West Europe is unwilling to be dragged by the United States into the war whirlpool.

Commentary Views Trends in North-South Relations

HK1609074290 Beijing RENMIN RIBAO in Chinese
1 Sep 90 p 7

["Special commentary" by Wang Hexing (3769 0735 5281): "Trends of Development of North-South Relations in the 1990's"]

[Text] North-South relations remain a basic issue in the present world situation. The basic situation of the North-South relations in the 1980's was policy readjustments by Third World countries to seek agreement on certain issues with developed countries as a solution to their pressing needs. The developed countries also showed certain flexibility to avoid further deterioration of the Third World economy, which would in turn affect the development and stability of the world economy. The North-South dialogues have changed from a stalemate to mutual compromise.

Reviewing the characteristics and progress of development in the 1980's, we may see the general trends of development of North-South relations in the 1990's.

1. Economically, the North-South gap will continue to expand. To many developing countries, the 1980's were the "lost decade." Based on a World Bank report, developing countries' gross output value growth rate was 4.3 percent in the 1980's; however, the per capita growth rate was only approximately 1.8 percent, of which African countries south of the Sahara had 2.9 percent. What accounted for the worsening of the Third World economic situation was chiefly irrational international economic relations and exchange of unequal values; as a result, the developing countries were cruelly exploited and plundered. The specific expressions were: 1) The loan rates of developed countries stayed high, while the developing countries were head over heels in debt; 2) developing countries cut back their external investment, with shortage in development funds; and 3) trade conditions worsened, with protectionism on the rise. The aforementioned unfavorable factors will continue into the 1990's. Although the debt problem will not worsen, an increase in the inflow of external capital by a wide margin is not on the horizon. Because of a weak demand for such primary products as raw materials on the world market and the ever-increasing trade protectionism of the West, exports of most Third World countries will meet still greater difficulties. In addition, the Third World countries will continue to conduct their economic restructuring, and their economic growth will be restricted. It is estimated that economically, the gap between the developing and developed countries will continue to widen in the 1990's. The tendencies by which the rich countries will become richer, with the poor becoming poorer, will grow increasingly serious. Under such circumstances, the issue of North-South relations will be all the more conspicuous.

2. The focus of North-South contradictions will gradually shift to trade protectionism. The focus of North-South contradictions was formerly on the monetary arena, namely the issues of debts and aid. To prevent developing countries' debt problem pounding at the international monetary circles, and to protect Western economic and strategic interests in the Third World, developed countries have adopted one measure after another. In succession, Britain, France, and Japan pronounced exemptions of debt repayments for some undeveloped countries. Although the growth rate of Third

World's debts slowed in the latter part of 1980's, the absolute debt volume continued to balloon. To date, a realistic plan and project for an appropriate solution to the debt problem have been absent. Pressed by the appeal of international public opinion, developed countries and international multilateral aid organs were forced to increase the volume of development aid. However, the majority of developed countries have failed to achieve the goal of offering an aid volume of no less than 0.7 percent of the GNP of each country. To realize the aid target as stipulated by the United Nations remains an important issue in North-South relations from now on. In the 1990's the most knotty issue in North-South relations could be in the trade arena. If the focus of the North-South contradictions was on aid and debts in the 1980's, trade protectionism will be the most conspicuous issue of North-South relations in the 1990's. The strong reactions from the Third World on the promulgation of the U.S. "Comprehensive Trade Act" have testified to that point. The disputes between the developed and developing countries were all the more conspicuous in the "Uruguay Round" of the GATT talks. Hopefully, the round in question will be concluded toward the end of the year, but the fight between implementing and opposing trade protectionism will run through the entire 1990's.

3. North-South relations are extending from the economic arena to the political arena, and beyond. In the 1970's and 1980's, North-South relations found expression mainly in the economic arena, whether in debts, aid, or trade. Under the circumstances of the ever-developing trends of multipolarity and mutual dependence, the Third World is becoming a force not to be neglected in world politics and economy. We may put it that without the participation and cooperation of the Third World, no thorough solution could be found to whatever issue regarding world peace and security. Take for instance, environmental protection. The loss of large tracts of tropical forests has led to the rise in global temperature and cutback in rainfall, while the world's tropical forests were mostly located in Asia, Africa and Latin America. Environmental protection experts believe that once the Third World's natural resources are damaged, the catastrophe will not be confined to the Third World, and global economic development will suffer. Therefore, ecological environment has a bearing on the common interests of both developed and developing countries, and calls for North-South mutual cooperation and unanimous actions. Because industrially developed countries have for a long time implemented a policy of benefiting themselves at the expense of others, which policy has resulted in global pollution, they should bear the greatest responsibility for environmental protection. Take another example, the cooling off of the world's "hot spot" areas no longer depend on some superpowers. The Third World countries are indispensable in eliminating regional conflict and safeguarding world peace. North-South relations in the 1990's will no longer be confined to the economic arena, and are extending to issues in all arenas of a global nature.

4. North-South relations will become more conspicuous with relaxation in East-West relations. With the changes in the East European situation, the Third World has shown universal worry that the Western countries will turn their attention to Eastern Europe, and increase their aid and investment in the USSR and East European countries, whereas the Third World countries will be neglected, with further cutbacks in development aid and greater difficulties in absorbing foreign investments. Internationally, some people even believe that the North-South relations will drop to a less important place, and be replaced by East-West relations. However, facts show that there has been some relaxation and improvement in U.S.-USSR relations, and some Western countries did provide the USSR and East European countries with some aid; however, the sum has been insignificant to date. East-West relations involve world peace and security; while North-South relations affect the stability and development of the world economy. East-West and North-South relations are on a par in their roles, and can never replace each other. In addition, under the condition of strained East-West relations, North-South relations have often been used as a stake by superpowers to check the other side in its global strategy; while the real demands of the Third World were often cast aside, and the developed countries seldom dealt with the North-South issue in earnest. With the relaxation in East-West relations, only those issues that have a direct bearing on the Third World's interests will be placed on the agenda.

5. Mutual North-South compromise is the inevitable trend. With the ever-growing economic dependence of all countries on each other, more personalities in the West have come to see that the worsening economic situation of the Third World affects their own economic development and is unfavorable to the continuous growth of the global economy, including the developed countries, thus posing a potential threat to the world political environment. In the late 1980's, developed countries showed a certain flexibility in North-South talks, while the U.S. rigid position relaxed somewhat. Out of their own interests, West European countries were for improving North-South relations on certain issues. At the same time, because of temporary economic difficulties, the Third World gave up some of their excessively high and unrealistic demands. In the 1980's, the Group of 77 proposed to conduct global talks in two phases; although developed countries did not officially express where they stood, North-South talks have actually been unfolded on some pressing issues. It is estimated that the momentum of North-South compromise that began in the late 1980's will continue into the 1990's. It is likely that the two sides will each make some concessions on some partial issues (related to direct interests of each side) and reach certain agreement. The North-South antagonism will further be relaxed. However, with regards to some issues (such as trade protectionism), it will be rather difficult to harmonize the two sides' interests, and acute antagonisms may even surface. Should there be no eventualities or major changes in the world in the 1990's, no substantial progress is likely to take place in North-South

dialogues. Talks on some major international issues will be continued at the United Nations and its ad hoc organs.

6. North-South regional economic ties and cooperation will continue to be augmented. Although no progress was made in global negotiations in the 1980's, regional North-South ties and dialogues had never been interrupted. The fourth agreement of the "Lome Convention" between the EEC and Africa, Caribbean, and Pacific group was initialed toward the end of 1989 in the wake of three renewals of the previous agreement. The EEC conducts regular meetings or cooperative negotiations with such Asian, African, and Latin American regional economic organizations as the ASEAN, the Gulf Cooperation Council, and the Andean Group. The annual summit between France and African countries is chiefly devoted to discussing how to augment North-South cooperation and reinvigorating the African economy. What has been eye-catching in recent years was the frequent activities between the United States and Japan, centering around economic cooperation in the Pacific region. Although the Pacific Economic Cooperation Conference is an organization of economic cooperation and negotiation of the nature a forum, it is a channel for North-South regional ties. The Asia-Pacific Ministerial Conference on Economic Cooperation has escalated from a preparatory phase to official nature. Relations between regional groups are based on equality and mutual benefits, and are an important component part of the new world economic order. Many developing countries have come to see that establishing a new world economic order involves a long course of gradual accumulation. It is estimated that starting from the future international environment and the North-South balance of economic strength, the Third World will continuously readjust and revise its strategy for struggle; while persisting in establishing a new world economic order, issues pressing for a solution will be placed on top priority; they will take an active part in unfolding regional North-South dialogues to strengthen economic ties between North-South regional groups without giving up global talks.

Rural Economy Boosted With World Bank Loans

OW1709080590 Beijing XINHUA in English
0750 GMT 17 Sep 90

[Text] Nanning, September 17 (XINHUA)—Altogether, 123,000 households in rural areas of the Guangxi Zhuang Autonomous Region have benefited from farm projects set up with aid from the World Bank over the past five years.

A local official in charge of these projects said the southern China region borrowed 50 million U.S. dollars from the World Bank five years ago for livestock, aquatic products and agricultural goods processing ventures.

So far these projects have provided jobs for 230,000 farmers, and generate an additional output value of 610

million yuan (about 130 million U.S. dollars) and export 13 million U.S. dollars-worth of goods a year.

According to the official, when all the projects go into operation in 1992 they are expected to generate an additional 730 million yuan a year.

It is learned that Guangxi paid back the first installment on the loans—10 million yuan—earlier this year, on schedule.

Iraq Urges Nonpolitical Decision on Games Entry

OW1409122890 Tokyo KYODO in English 1149 GMT 14 Sep 90

[Text] Beijing, Sept. 14 KYODO—The Olympic Council of Asia (OCA) should exclude politics when making a decision next Thursday on whether to allow Iraq to participate in the imminent Asian Games, the counsellor of Iraq's Embassy in Beijing said Friday.

In an interview with KYODO News Service, Kais al-Yaqubi, who is also a member of his nation's delegation to the games, expressed Iraq's strong desire to participate in the September 22-October 7 Asiad.

In response to a question as to what Iraq's reaction would be if the council were not to come up with a clear-cut answer regarding Iraq's participation, Yaqubi answered that Iraq felt "chagrined" about the lack of "new progress" in the discussions. He added, "we in Iraq contributed greatly toward the establishment of the OCA (in 1982). We want to believe Iraq can participate in the games based on the principles of the establishment of the OCA."

Asked what result he expected from the OCA vote, he replied, "I think Iraq has a good chance of being able to participate in the games, supported by OCA members."

But he also said he would "keep a watchful eye" on the extent to which OCA-member nations were aware of "the basic (OCA) principle that politics should have no place in their decision."

When asked for his comment on the ongoing lobbying activities against Iraq's participation, Yaqubi said Iraq was "deadset" against attempts to bar it from the Asiad through "money politics."

Asiad Official Promises Efforts for Success

OW1509112390 Beijing XINHUA in English 0943 GMT 15 Sep 90

[Text] Beijing, September 15 (XINHUA)—The Organizing Committee of the Beijing Asian Games (BAGOC) will try its best to bring the coming games to a success in accordance with the constitution of the Olympic Council of Asia [OCA] and the Beijing games' theme, said Wei Jizhong, BAGOC deputy secretary general today.

In an interview with some foreign and Chinese reporters in the main press center, the BAGOC official said the

Organizing Committee has always abided by the rules in the constitution of the Olympic Council of Asia and OCA decision in preparing the 11th Asian Games.

He added all OCA members are welcomed to the Beijing Asian Games and meanwhile we hope all of us will also comply with any decision made by two-third majority.

Wei disclosed that OCA special General Assembly is scheduled to be held in Beijing to discuss the question of Iraq's participation in the games.

When asked why Jordan will not participate in the games, Wei said the Jordanian Olympic Committee has officially told BAGOC that they met with some financial difficulties, which they did not specify.

BAGOC has sent a telex, requiring what difficulties they had, but no answer has been received as of now.

He also said the OCA Executive Committee will meet to decide acting presidency of the Olympic Council of Asia.

Official on Security Precautions for Asian Games

OW1409120190 Tokyo KYODO in English 1135 GMT 14 Sep 90

[Text] Beijing, Sept. 14 KYODO—"Anti-Asiad elements" in China and overseas are trying to disrupt the games, an official of the Asian Games Organizing Committee said Friday.

Wang Dingfeng, who is in charge of security, told a news conference that there are elements in China who oppose the Asian Games, saying "a small number of factions in and out of China do not wish the success of the Asian Games and are trying to destroy and obstruct them by various means."

"Politics and the economy in Beijing are stable, and the public is also calm," said Wang. "But we should not be off guard. Those elements are plotting to make a row and some criminal offenders are also trying to take advantage of this occasion."

However, Wang did not offer any specifics on these "elements" or on precautions being taken against them.

Antigovernment organizations from outside China are said to have brought anti-Asiad literature to Beijing, but so far there has not been any conspicuous opposition movement.

Wang said stringent precautions are in place against terrorist explosions.

Fire-fighting teams have been formed among citizens in case of major blazes and volunteers are being trained to lead spectators to safety if there is any trouble at Asiad sites, he said.

Officials Attend Asian Games Congress

OW1609074490 Beijing XINHUA in English
0707 GMT 16 Sep 90

[Text] Beijing, September 16 (XINHUA)—The 1990 Beijing Asian Games Scientific Congress, the first comprehensive international sports academic meeting ever held in China, opened in the Xiangshan Hotel in the west suburbs of Beijing this morning.

Attending the opening ceremony included Wan Li, chairman of the Standing Committee of the National People's Congress and honorary president of the Beijing Asian Games Organizing Committee (BAGOC); Li Tieying, state councilor and president of the State Education Commission; Chen Xitong, mayor of Beijing and BAGOC president and Wu Shaozu, president of the State Physical Culture and Sports Commission.

On behalf of the Chinese Government, Li Tieying delivered welcome speech to over 300 delegates from 34 countries and regions.

Under the theme of "Sport Science and Future," 673 papers, including 256 from outside mainland China, have been admitted by the expert groups of the congress and will be delivered or released at the five-day meeting, according to the organizers.

Chen Xitong, the congress organizing committee chairman Zhang Caizhen, and Doris R. Corbett, chairman of the International Council for Health, Physical Education, Recreation and Dance also gave speeches at the opening ceremony.

The congress has received congratulatory message from Prince Alexandre de Merode, vice president of the International Olympic Committee (IOC) and chairman of the IOC Medical Commission, and Prof. T. Meshizuka, director of the Asian Regional Bureau of International Council of Sports and Physical Education.

Medicine Culture Fair Opens in Beijing

OW1209144890 Beijing XINHUA in English
1357 GMT 12 Sep 90

[Text] Beijing, September 12 (XINHUA)—The first Chinese medicinal culture fair opened at the Beijing International Exhibition Center here today.

On display are some 1,300 exhibits contributed by 650 hospitals, research institutes, medical colleges and pharmacies from all parts of China, including Taiwan and Hong Kong.

Meanwhile, a historical exhibition of traditional Chinese medicine and an exhibition of Chinese medicine opened at China's Research Institute of Chinese Medicine and the Beijing Chinese Medicine College, respectively, here today.

Businessmen in related fields from Japan, South Korea, Singapore, the United States, France, Italy, Sweden,

Denmark, Australia and Egypt are attending the exhibitions and are seeking business contracts.

Correction—Spokeswoman on South Korea

HK1309154890

The following correction pertains to the item entitled "Official South Korean Contacts Denied" published on page 1 of the 13 September DAILY REPORT:

Make sourceline read: Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1106 GMT 13 Sep 90 (correcting city).

Correction—Spokeswoman on Food, Medicine to Iraq

HK1309154490

The following correction pertains to the item entitled "Denies Food Supply to Iraq" published on page 2 of the 13 September DAILY REPORT:

Make sourceline read: Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1106 GMT 13 Sep 90 (correcting city).

United States & Canada

Chinese Delegation Leaves for U.S. Visit

OW1709070790 Beijing XINHUA in English
0641 GMT 17 Sep 90

[Text] Beijing, September 17 (XINHUA)—A Chinese delegation led by Wang Bingqian, state councillor and minister of finance, left here this morning for the United States to attend the 1990 joint annual meeting of the International Monetary Fund and the World Bank.

Hainan, U.S. Companies Jointly Exploit Oil

HK1709090090 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 15 Sep 90

[Text] A contract-signing ceremony to exploit land oil fields in (Jinfeng), northern Hainan, was held at the Haifeng Hall of (Qingyan) Guesthouse on the afternoon of 14 September, between the Chinese Hainan Petroleum Corporation and the U.S. (Silver Belt) Partnership Company.

(Shan Zhizhong), general manager of the Chinese Hainan Petroleum Corporation and (Ming Renchen); managing director of the U.S. (Silver Belt) Partnership Company, signed the contract. Attending the ceremony were Vice Governor Meng Qingping; (Zhao Shan), a department head of the State Council Special Economic Zone Office; (Gu Ji), an official of the Ministry of Foreign Economic Relations and Trade; (Matthewtti), American Consulate General in Guangzhou; and (Ning Yuzhu), wife of managing director of the (Silver Belt) Partnership Corporation. (Wang Qingtian), head of the

provincial Industry Department; and (Mao Zhiji), head of the provincial Economic Cooperation Department, also attended.

Vice Premier Wu Xueqian Meets U.S. Guests

OW1709071290 Beijing XINHUA in English
0643 GMT 17 Aug 90

[Text] Beijing, September 17 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with Bo Hi Pak, chairman and president of the Panda Motor Corporation and Washington Times Corporation of the United States, here this morning.

Chen Muhua Meets Visting U.S. Businesswoman

OW1409095490 Beijing XINHUA in English
0806 GMT 14 Sep 90

[Text] Beijing, September 14 (XINHUA)—Chen Muhua, vice-chairman of the Chinese National People's Congress Standing Committee and president of the All-China Women's Federation; met Virginia A. Kamsky, president of the Kamsky Associates Inc. of the U.S., and her party here this afternoon.

They had a cordial conversation during the meeting.

Republican Heritage Groups Council Visits

OW1609092390 Beijing XINHUA in English
0857 GMT 16 Sep 90

[Text] Beijing, September 16 (XINHUA)—Chinese Vice-Premier Tian Jiyun met here this afternoon with Mrs. Anna Chennault, chairwoman of the U.S. National Republican Heritage Groups Council, and Mr. Irv Kaufman.

They had a cordial conversation.

Anna Chennault arrived in Beijing last Friday and is scheduled to tour other parts of China Monday.

Soviet Union

Party Delegation Leaves for Soviet Union

OW1709065890 Beijing XINHUA in English
0640 GMT 17 Sep 90

[Text] Beijing, September 17 (XINHUA)—A delegation of the Communist Party of China (CPC) led by Ding Guangen, alternate member of the Political Bureau of the CPC Central Committee and member of the Secretariat of the Central Committee, left here this morning for a visit to the Soviet Union.

Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee; and Zhu Liang, head of the International Liaison Department of the CPC Central Committee, went to the airport to see off the delegation.

New Soviet Ambassador to China Appointed

OW1509013190 Beijing XINHUA in English
0000 GMT 15 Sep 90

[Text] Moscow, September 14 (XINHUA)—The Soviet Union today appointed Nikolay Solovyov ambassador to China to replace Oleg Troyanovskiy, who retired from his post.

Solovyov graduated from the Institute of the International Relations under the Soviet Foreign Ministry in 1957 and started his diplomatic career from 1958. He has been Soviet ambassador to Japan since 1986.

Northeast Asia

Japanese Business Mission Arrives in Beijing

OW1609093890 Tokyo KYODO in English 0920 GMT
16 Sep 90

[Text] Beijing, Sept. 16 KYODO—A high-powered Japanese business mission arrived in Beijing on Sunday for talks with Chinese Government leaders on bilateral economic cooperation after Tokyo's recent lifting of a freeze on official lending.

The 60-member delegation, organized by the Japan-China Association on Economy and Trade, will have discussions including the proposed extension of a long-term trade agreement due to expire at the end of this year, mission officials said.

Mission leader Ryoichi Kawai, president of the association and chairman of Komatsu Ltd., is expected to agree on extension of the accord to 1991-1995 at a meeting with Zheng Tuobin, minister of foreign economic relations and trade.

Mission members include Ei-shiro Saito, chairman of the Federation of Economic Organizations (Keidanren).

During its stay until Friday, the mission will confer with other Chinese leaders, including Communist Party Chief Jiang Zemin and Premier Li Peng, the officials said.

At the Houston summit of seven major industrial countries in July, Japan won tacit approval of its plan to resume official lending to China which was frozen after Beijing's military crackdown on pro-democracy demonstrators in June last year.

As reported earlier, the mission will also ask China to relax curbs on auto and motorcycle imports, which were imposed in May as part of efforts to improve its trade balance.

Economic Relations Discussed

OW1609152190 Beijing XINHUA in English
1450 GMT 16 Sep 90

[Text] Tokyo, September 16 (XINHUA)—A powerful Japanese business delegation left here for Beijing today

to discuss bilateral economic relations after a recent Japanese decision to resume official credits to China. The 60-member delegation, sponsored by the Japan-China Association on Economy and Trade, is led by association President Ryoichi Kawai. Its members include Ishiro Saito, chairman of the powerful Federation of Economic Organizations.

During its five-day stay in China, the mission is expected to meet with Chinese leaders and hold talks with Chinese officials and businessmen to further improve and enhance economic cooperation between Japan and China.

Cooperation Urged

OW1609192990 Beijing XINHUA in English
1851 GMT 16 Sep 90

[Text] Beijing, September 16 (XINHUA)—Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, said here today that with the world set-up changing, China and Japan and their peoples should strengthen their cooperation and contact and pass on their friendship from generation to generation.

Bo, also honorary president of the China Council for the Promotion of International Trade (CCPIT), made the remark at a meeting with a delegation from the Japan-China Association on Economy and Trade.

As guests of the CCPIT, the 60-member delegation is led by senior advisor Eshiro Saito, honorary president of the Japan-China Association on Economy and Trade and president of the Japan Economic Groups Federation, and Ryoichi Kawai, president of the Japan-China Association on Economy and Trade and vice-president of the Japan Economic Groups Federation.

Bo Yibo said that the Japanese Government was the first to suggest the resuming of the third round of Japanese loans to China at the big-seven summit last July. He expressed his appreciation of Japanese friends' efforts in this regard.

There is no reason for China and Japan not to cooperate for the development of the Asia-Pacific region, he said. "We should be far-sighted in our cooperation which is mutually beneficial."

Saito and Kawai said that Japanese economic circles attach importance to their economic cooperation with China and are willing to make further efforts to expand the two countries' trade and Japan's investment in China.

The delegation will visit Pudong economic development district in Shanghai and seek ways of cooperation there.

Vice Premier Wu Xueqian Meets Japanese Visitors

OW1709073090 Beijing XINHUA in English
0646 GMT 17 Sep 90

[Text] Beijing, September 17 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with a peace and friendship promotion delegation led by Reishi Kondo, president of the Council of Trade Unions of Nagasaki Prefecture of Japan, here this morning.

Japanese Prefectural Delegation Visits Shandong

SK1509225990 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 12 Sep 90

[Text] Li Zhen, chairman of the provincial people's congress Standing Committee, cordially met with a 13-member goodwill delegation from the Wakayama Prefecture of Japan led by (Hachiro Kishi), member of the House of Representatives of Japan, at Jinan's Nanjiao Hotel on the afternoon of 12 September. The guests and the host held cordial and friendly talks.

Chairman Li Zhen extended a warm welcome to the delegation from Wakayama Prefecture for its visit. He discussed Shandong Province's political and economic situation, and its achievements in reform and opening up, stressing that Shandong Province will, as always, adhere to the principles and policies on reform and opening up and, based on equality and mutual benefit, will continue to further develop and strengthen its friendly exchanges and close cooperation with Wakayama Prefecture.

Mr. (Hachiro Kishi) expressed thanks to Chairman Li Zhen for his warm welcome. He said that he would make greater efforts to continuously develop the friendly relations and further strengthen the economic and cultural exchanges between the province and the prefecture.

Mr. (Hachiro Kishi) is a former member of the representative assembly of the Wakayama Prefecture of Japan. He has made active efforts to promote the friendly relations between Shandong Province and Wakayama Prefecture.

In February this year he was elected a member of the House of Representatives of Japan. Mr. (Hachiro Kishi) and his party have come at the invitation of our province to pay a friendly visit.

During the meeting, Li Chunting, provincial vice governor, and responsible comrades of the provincial people's congress Standing Committee and the pertinent departments of the provincial government were present.

Japanese Delegation Leaves Liaoning 11 Sep

SK1309102990 Shenyang Liaoning Service
in Mandarin 0930 GMT 11 Sep 90

[Text] The Sapporo city delegation from Japan that came specially to Shenyang to attend the celebration activities marking the 10th anniversary of the establishment of friendly ties between Shenyang and Sapporo left

Shenyang by plane today. During its stay in Shenyang, the delegation from Sapporo of Japan attended the ceremony to mark the 10th anniversary of the establishment of friendly cities between Shenyang and Sapporo. Wu Disheng, mayor of Shenyang city, and (Sakahara Huruta), mayor of Sapporo, gave warmhearted speeches at the ceremony. Both of them hoped that cooperation between the two cities will be further developed in the future and that both cities will march towards the 21st century. Mr. (Takahashi Tsuji), consul general of the Japanese Consulate in Shenyang, also attended the grand celebration ceremony. He hoped that the friendly relations between the two cities will be an impetus for promoting further cooperation between China and Japan.

At the celebration ceremony, Mayor Wu Disheng and Mayor (Sakahara Huruta) each signed contracts on establishing cooperative relations between the Shenyang city water company and the Sapporo city water bureau. Mayor Wu Disheng conferred the title of honorary citizen of Shenyang City on Mayor (Sakahara Huruta).

During its stay in Shenyang, the friendly Sapporo delegation also paid an official call on the Liaoning provincial government and the Shenyang City People's Congress and the city government, toured Shenyang city and the downtown areas, climbed up the radio and television tower, and was cordially treated by the people of Shenyang.

DPRK Official To Attend Asian Games Ceremony

OW1709065690 Tokyo KYODO in English 0608 GMT 17 Sep 90

[Text] Beijing, Sept. 17 KYODO—North Korea will send Vice President Yi Chong-ok to Saturday's opening ceremony of the Beijing Asian Games, Chinese and Japanese sources said Monday.

Yi concurrently serves as a member of the Central Committee of the ruling Korean Workers' Party and is considered to be higher in status than South Korean Sports Minister Chong Tong-song, who is most likely to attend the ceremony.

The North Korean decision to send one of its vice presidents to Beijing is seen as a bid to forestall expected South Korean moves of rapprochement with China, another source said.

South Korea, which has no diplomatic relations with China, is said to be contemplating expanding its ties with China with the Asian Games as a launching pad, according to the source.

Earlier it had been rumored in some quarters that South Korean President No Tae-u and either North Korean President Kim Il-song or his son and heir apparent Kim Chong-il might visit Beijing, raising speculation that there might be an inter-Korean summit meeting held in the Chinese capital.

Southeast Asia & Pacific

PRC, Singapore To Sign Communiqué on Ties

OW1509161190 Beijing XINHUA in English 1539 GMT 15 Sep 90

[Text] Beijing, September 15 (XINHUA)—A Singaporean Government delegation led Ambassador [as received] Tommy Koh and a Chinese Government delegation headed by Assistant Foreign Minister Xu Dunxin held talks on the establishment of diplomatic relations between the two countries here between September 12 to 15, XINHUA learned from the Chinese Foreign Ministry this evening.

The two sides, through friendly consultations, reached a consensus on the establishment of diplomatic relations in line with the principle agreed between Chinese Premier Li Peng and Singaporean Prime Minister Lee Kuan Yew during Li's visit to Singapore last August.

The two sides agreed that the foreign ministers of both countries will sign the communiqué on the establishment of diplomatic relations in the near future.

Yang Shangkun Meets Malaysian Investor

OW1509144990 Beijing XINHUA in English 1353 GMT 15 Sep 90

[Text] Beijing, September 15 (XINHUA)—Chinese President Yang Shangkun met with Kuok Hock Nien, chairman of Kuok Brothers Sdn. Bhd. of Malaysia and vice-chairman of the China World Trade Center, and his party at the center here today.

The China World Trade Center is a joint venture between a company affiliated to the Chinese Ministry of Foreign Economic Relations and Trade and a Hongkong-based subsidiary of Kuok Brothers Sdn. Bhd.

After the meeting, Yang, accompanied by Kuok, visited the center and chatted with an attendant.

Trip To Focus on Sino-Vietnamese Relations

BK1509103090 Hong Kong AFP in English 1009 GMT 15 Sep 90

[Text] Beijing, Sept 15 (AFP)—Vietnamese Deputy Prime Minister Vo Nguyen Giap's upcoming trip here will be essentially political though it is under the pretext of attending the Asian Games, an authoritative source said Saturday.

General Giap is expected to arrive Wednesday or Thursday at the same time as Vietnam's delegation to the games and will be the highest-ranking Vietnamese official to visit China since the 1979 border war, the source said.

The Vietnamese Foreign Ministry announced Friday that Gen. Giap would come here Saturday or Sunday, but the visit has not been confirmed by China.

The source said he would attend the Asiad opening ceremony on September 22 and meet with several "old friends," the Chinese term for close relationships between leaders of foreign countries.

These were expected to include active and retired Chinese leaders whom Gen. Giap knew during Vietnam's war of independence from France in the early 1950s, a highly reliable source said.

The source said the talks would center on prospects for normalizing Sino-Vietnamese relations in light of recent breakthroughs in the Cambodian peace process, adding that a meeting with Chinese President Yang Shangkun or Premier Li Peng would be "premature."

The visit would nevertheless mark a "significant new step" on the difficult path to reconciliation, a Western diplomat said.

A Chinese Foreign Ministry spokesman signalled China's will to improve relations with Vietnam on Thursday by saying that a solution to Cambodian problem would allow the ties to improve gradually.

Vietnam's team for the Asian Games is expected to include 68 athletes and 40 officials and reporters.

Credentials Presented to Australian Governor

*OW1309102090 Beijing XINHUA in English
0949 GMT 13 Sep 90*

[Text] Canberra, September 13 (XINHUA)—New Chinese Ambassador to Australia Shi Chunlai today presented his credentials to Governor General Bill Hayden at the Government House.

After the ceremony, Hayden had a conversation with the Chinese ambassador in his study. Shi conveyed the greetings of Chinese President Yang Shangkun to Hayden and said that he would make every effort to resume and strengthen Sino-Australian relations during his term of office.

Shi said the Chinese Government cherishes Sino-Australian relations. "Strengthening the bilateral relationship and friendship between our two peoples is not only beneficial to the interests of the two peoples but also to the peace and stability in the region and in the world as a whole," he added.

Hayden expressed his thanks for President Yang's greetings. He believed that the bilateral trade relations have been growing in a satisfactory way during the past year.

Hayden hoped that China's economy will continue its path of sound development through the adjustment of economic structures and the economic and trade ties between the two countries will be further strengthened.

Officials Attend Fete for Papua New Guinea

*OW1509104890 Beijing XINHUA in English
0951 GMT 15 Sep 90*

[Text] Beijing, September 15 (XINHUA)—Ambassador W. Noel Levi of Papua New Guinea to China gave a reception here this afternoon to mark the 15th anniversary of the independence day of his country.

Present on the occasion were Chen Minzhang, Chinese minister of public health; Liu Huaqiu, Chinese vice-foreign minister; and diplomatic envoys of various countries in Beijing.

Near East & South Asia

New Ambassadors to Iraq, Saudi Arabia Appointed

*BK1509154090 Hong Kong AFP in English 1404 GMT
15 Sep 90*

[Text] Beijing, Sept 15 (AFP)—China appointed new ambassadors to Iraq and Saudi Arabia on Saturday, the NEW CHINA NEWS AGENCY reported.

The official agency identified the new envoy to Baghdad as Zheng Dayong, but did not give the reason for his appointment.

Mr. Zheng has been deputy director of the Foreign Ministry's Department of West Asian and North African Affairs.

China also named Sun Bigan ambassador to Saudi Arabia, which established formal relations with Beijing in July.

China has backed U.N. condemnation of Iraq's invasion and annexation of Kuwait, but opposes the presence of Western forces in the Gulf and says the crisis there should be settled by Arab countries.

'Grim' Situation Confronting Iraq Discussed

*OW1509235090 Beijing XINHUA Domestic Service
in Chinese 1300 GMT 15 Sep 90*

[Fifth roundup report on the Gulf situation by XINHUA reporter Yang Shulin: "The Grim Situation Confronting Iraq"]

[Text] Beijing, 15 Sep (XINHUA)—One month has passed since the UN Security Council adopted Resolution No. 661 that imposed economic sanctions against Iraq following that country's invasion of Kuwait. Because Iraq continues to refuse to pull its troops out of Kuwait and the international community continues to tighten its sanctions, Iraq is now confronting a grim situation.

Iraq depends on imports and exports to sustain its national economy and the people's livelihood. Once the flow of imports and exports is disrupted, the pressure on all sectors of society will become unbearable.

Iraq primarily depends on the export of oil for its foreign exchange income. According to statistics, its 1989 revenue from oil exports was \$15 billion, while its revenue from the export of other goods that year was less than \$300 million.

Meanwhile, Iraq depends on imports for most of its goods and labor services. The state spends \$2 to \$3 billion a year to import approximately 70 percent of its food needs.

Iraq's oil reserves, which approximate 100 billion barrels, are, next to Saudi Arabia, the highest in the Middle East. During the Iran-Iraq war, two oil pipelines, which cost \$2.7 billion to construct, were built in Saudi Arabia and Turkey for fear that Iraq's oil exports would be attacked by Iran in the Gulf. These two pipelines can export 3.25 million barrels of oil a day. After Iraq's invasion of Kuwait, Turkey and Saudi Arabia adhered to the UN resolution imposing sanctions against Iraq, turning off the pipelines on 7 August. These actions have caused Iraq to lose nearly \$60 million a day.

In addition to the disruption of its primary financial resource, Iraq's imports also are encountering all kinds of difficulties. Although UN Security Council Resolution No. 666 does not stipulate the embargo of food and medicines, the import of food has been affected. According to reports, Iraq has not received the 1.8 million metric tons of wheat from Australia, the 94,000 metric tons of beef from the European Community, and the \$200 million worth of grain, soybeans, and poultry from Turkey which it should have obtained from these countries according to the contracts Iraq had signed with them. Food in Baghdad is now rationed and panic buying is rampant, food prices are rising, and edible oil and sugar and soap are in short supply. The government is strictly prohibiting the stockpiling of food and has stated that speculators in food will be sentenced to death. Many people are fleeing the capital to places where food is available.

In addition to food, the supply of other necessities also is extremely inadequate. Shortages of parts needed by power plants, drinking water processing plants, telecommunications facilities, and airplanes are becoming more noticeable.

West Europe

Friendly Relations With France Encouraged

OW1509112890 Beijing XINHUA in English
1059 GMT 15 Sep 90

[Text] Beijing, September 15 (XINHUA)—China is willing to further its friendly, cooperative relations with France in all fields, Wan Li, chairman of the National People's Congress (NPC) Standing Committee, said here today.

Meeting with a delegation from the lower Normandy region of France, headed by the region's President Rene

Garrec, Wan said he welcomed more "French friends" to China, adding that this will serve to enhance mutual understanding and the time-honored friendship between the two countries.

Also, he said, China hopes to further its relations with other European Community countries in its continued opening to the outside world.

The NPC chairman encouraged the lower Normandy region to develop friendly, cooperative ties with China's Fujian Province, saying that will help strengthen relations between the two countries.

The French visitors are invited by Fujian's governor, Wang Zhaoguo, who is present at the meeting this afternoon.

Garrec expressed the willingness to explore along with the Chinese side the possibilities and ways of developing economic and cultural relations, as well as a sisterly relationship with Fujian.

FRG Aviation Cooperation Anniversary Marked

OW1509213890 Beijing XINHUA in English
1524 GMT 15 Sep 90

[Text] Beijing, September 15 (XINHUA)—China and Federal Germany today celebrated their "fruitful" cooperation in the field of aviation science and technology and expressed hope for continued expansion of the scope.

At a ceremony marking the 10th anniversary of Sino-German aerospace cooperation, Zhang Yao, executive vice-president of the China aerospace establishment (CAE) and Prof. Thomas, head of the German aerospace research delegation, both, stated their appreciation for the cooperation between the two sides.

Over 400 people from aviation circles of the two countries attended the ceremony held this morning.

According to the CAE, China and Federal Germany have cooperated in 12 aeronautical projects since 1980, including aircraft manufacture, aerodynamic calculation, wind tunnel testing, aircraft engine design, computer networking and structural strength tests.

Currently, China is cooperating with the MBB Company of Federal Germany in a feeder plane project. The project, which is now in the predevelopment stage, is expected to turn out the first MPC-75 plane in 1994.

In another development, China and Federal Germany are jointly manufacturing the "Dongfanghong-3" telecommunications satellite, China's largest telesat. The comsat, which will be equipped with 24 transponders, is scheduled to be launched in 1992.

FRG Economic Delegation Visits Jiangxi

*HK1709090290 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 15 90*

[Text] At the invitation of the provincial people's government, a 19-member economic delegation from Furth State of the Federal Republic of Germany [FRG], headed by Schmidt, minister of economics and technology, paid a goodwill visit to our province between 13 and 15 September.

During the visit, Vice Governor Jiang Zhuping met and hosted all members of the delegation as well as experts from the Albert Fund working in Nanchang. On the morning of 14 September, Vice Governor Jiang Zhuping and Minister Schmidt held talks. From our side, also present at the talks, were assistant Governor (Chen Andong) and Deputy Secretary-General (He Yingqin). Representing the Furth state delegation were Dr. (Schaeuble), head of Economic Policy and Foreign Affairs Department under the headquarters of the Ministry of Economics; and Dr. (Waigel) of the Research Institute of the Albert Fund. During the talks, both sides reviewed what had been achieved since the establishment of economic and cooperative relations, and in particular, they expressed satisfaction with the completion of the first-phase construction of the Nanchang Workers' Technical Training Center. Both sides believed that the results were a crystallization of friendship between Furth state and Jiangxi Province, and had laid a sound foundation for future cooperation. In order to accomplish the project on time, both sides also seriously and candidly discussed some problems raised by the Furth state government and the Albert Fund in relation to the second-phase construction of the training center. After reaching a common understanding, they signed an agreement on the second-phase construction of the Center. In accordance with the agreement, the Furth state government will provide a total of DM1.595 million for the second-phase construction, and the Nanchang City people's government will provide the same amount of money. Both sides probed into cooperation in more spheres and have come to an agreement on cooperation in some spheres. Members of industrial, financial and banking circles of the two sides also held talks between representatives of similar organizations.

During the tour, members of the delegation visited and inspected the Nanchang Workers' Technical Training Center, the Nanchang Diesel Engine Plant, the Jiangxi Textile Printing and Dyeing Mill, the Memorial Museum of the Nanchang 1 August Uprising, and the scenic spot—the Chenghuanghe.

Both sides expressed satisfaction with the tour and agreed to exchange visits and talks of more substantial content so as to promote friendship between the Chinese and German people, and the further development of the economic and cooperative relations between Jiangxi Province and Furth state.

A ceremony to sign a summary of the visit by the two sides was held in Nanchang on the afternoon of 15 September. Vice Governor Jiang Zhuping and Mr. Schmidt signed the summary of the minutes. The FRG Furth state economic delegation concluded its visit to our province following the ceremony and left Nanchang by plane.

Reception Marks Anniversary of Sino-Swiss Ties

*OW1409134590 Beijing XINHUA in English
1336 GMT 14 Sep 90*

[Text] Beijing, September 14 (XINHUA)—Swiss Ambassador to China Erwin Schurtenberger and his wife gave a reception here this evening to mark the 40th anniversary of the establishment of diplomatic relations between China and Switzerland.

Present on the occasion were Chinese Minister of Chemical Industry Gu Xiulian and Vice-Minister of Foreign Affairs Tian Zhenpei.

Latin America & Caribbean

Reportage on Qian Qichen's Visit to Bolivia

Issues Statement

*OW1409223690 Beijing XINHUA in English
1857 GMT 14 Sep 90*

[Text] La Paz, September 14 (XINHUA)—Chinese Foreign Minister Qian Qichen said here Thursday that "the Chinese Government is firmly convinced that, through joint efforts, the friendship between the Chinese and Bolivian people, and the ties of friendly cooperation between them, will reach new heights over the foundation that already exists."

Qian made the remarks just after arriving at La Paz international airport for an official five-day friendly visit at the invitation of his Bolivian counterpart Carlos Iturralde Ballivian. Qian had previously visited Peru.

The Chinese foreign minister and his entourage were met at the airport by Bolivia's Deputy Foreign Minister, Javier Murillo, and Chinese ambassador to Bolivia, Xie Rumao.

Qian told reporters: "Despite the fact China and Bolivia are geographically distant and profoundly different in terms of territorial dimensions and population, both figure equally among developing countries and are closely related by the common task of safeguarding world peace and developing economy."

This marks the first visit to Bolivia by a Chinese foreign minister since diplomatic ties were established between China and Bolivia in 1985.

During his visit, Qian will meet with Bolivian President Jaime Paz Zamora, and will hold a working session with Carlos Iturralde.

Shortly after arriving, Qian was named the illustrious guest of the City of La Paz by the municipal government during a ceremony at city hall.

Meets Bolivian President

OW1609013290 Beijing XINHUA Domestic Service
in Chinese 1044 GMT 15 Sep 90

[By reporter Wang Chunrong]

[Text] La Paz, 14 Sep (XINHUA)—[words missing] a good partner of Bolivian President Jaime Paz Zamora.

Foreign Minister Qian Qichen conveyed Chinese President Yang Shangkun's regards to President Jaime Paz Zamora. He also forwarded a letter from President Yang to the Bolivian president. In the letter, President Yang invites President Paz Zamora to visit China at a convenient date. The invitation was gladly accepted.

Saying he was pleased with the existing Sino-Bolivian cooperative ties, President Paz Zamora expressed the hope that China and Bolivia will further explore ways and methods for strengthening bilateral cooperation. He said that strengthening cooperation with other countries is crucial to Bolivia, which is an undeveloped country confronted with many problems.

Foreign Minister Qian said: China's cooperation with Latin American countries, especially Bolivia, falls under the scope of South-South cooperation. Despite our shortages of funds, we have potential for development. Therefore, we should strengthen cooperation.

Foreign Minister Qian stated that China supports Latin America's integration process. He expressed the hope that Latin America will have a greater say and assume more responsibilities in international affairs.

Carlos Iturralde Ballivian, Bolivia's minister of foreign affairs and worship; and Xie Rumao, the Chinese ambassador to Bolivia, were present at the meeting.

Meets With Counterpart

OW1609051290 Beijing XINHUA Domestic Service
in Chinese 1345 GMT 15 Sep 90

[By reporter Wang Chunrong]

[Text] La Paz, 14 Sep (XINHUA)—Qian Qichen, China's minister of foreign affairs, who is currently here on an official friendly visit, today held a working meeting with Carlos Iturralde Ballivian, Bolivia's minister of foreign affairs and worship. They exchanged opinions on further developing bilateral cooperation.

Present at the working meeting were David Blanco Zabala, Bolivia's minister of finance; Enrique Garcia Rodriguez, Bolivia's minister of planning and coordination; and Xie Rumao, China's ambassador to Bolivia.

The two ministers expressed satisfaction over the development and present state of cooperative ties between

their countries. They seriously examined and discussed ways and methods to further develop economic and trade cooperation. Both shared the view that although the present volume of trade between China and Bolivia is small, there are good prospects for development in bilateral trade. They agreed that their governments should support trade exchanges between enterprises in the two countries.

At the meeting, the two sides exchanged opinions on some international affairs of common concern and reached a broad consensus.

Touching on the Gulf problem, Foreign Minister Qian said: The whole world is paying close attention to the situation in the Gulf region. China has consistently opposed the invasion of another country by any nation. Therefore, China opposes the invasion and annexation of Kuwait by Iraq and demands the unconditional, total, and rapid withdrawal of Iraqi troops from Kuwait. It also maintains that the independence, sovereignty, and territorial integrity of Kuwait must be restored and respected.

He also said that China maintains that a peaceful solution to the Gulf crisis must be sought and that every effort should be made to avoid a military conflict. The eruption of war would spell disaster for the region and jeopardize world peace. Therefore, China in principle opposes the military involvement of the major powers in the Gulf region.

Talking about the Korean peninsula, Foreign Minister Qian said, China has always hoped that the situation on the Korean peninsula would relax. Therefore, we appreciate and support the talks between the North and South Korean prime ministers. We regard this contact as favorable to easing the situation in that region and other parts of the world.

He added: China supports the recent agreement reached by the four Cambodian factions. It hopes that more positive progress will be made on the issue at this session of the UN General Assembly.

Foreign Minister Iturralde said that Bolivia fully shares China's views on the above issues.

This afternoon, Foreign Ministers Qian and Iturralde signed an agreement on loans to be provided by the Chinese Government to the Bolivian Government. They also signed notes regarding Chinese grants to Bolivia.

Gulf Situation Viewed

OW1509195290 Beijing XINHUA in English
1857 GMT 15 Sep 90

[Text] La Paz, Bolivia, September 14 (XINHUA)—China condemns the Iraqi invasion of Kuwait, but also opposes the military involvement of the superpowers in the Persian Gulf, Chinese Foreign Minister Qian Qichen said here Friday.

Qian told a press conference late Friday that "we oppose the military aggression and annexation of Kuwait by Iraq, because these are acts that run counter to the norms that rule international relations and ... counter to the U.N. Charter."

"That is why we demand the unconditional, total and rapid withdrawal of Iraqi troops from Kuwait. In the second place, we maintain that the independence, sovereignty and territorial integrity of Kuwait must be reestablished and respected," he added.

"In the third place," Qian said, "we maintain that a peaceful solution to the Gulf crisis must be sought and a military conflict must be avoided."

If war were to break out, Qian warned, "it would bring disaster to the region, and also jeopardize world peace. That is why we disapprove in principle of the military involvement in the region of the superpowers."

On Latin America's process of economic integration, Qian said the continent was full of vitality. Now, at this international political and economic juncture, it is highly

necessary for Latin American countries to make an effort towards regional integration and to promote regional economic cooperation, he added.

Qian said China backs Latin America's process of economic integration, because China wants Latin American countries to play an increasingly important role on the world stage on one hand, and on the other hand China wants to establish ties of cooperation with Latin America's groups of integration.

Qian, who arrived here Thursday on an official visit to Bolivia, signed two bilateral cooperation agreements earlier with his Bolivian counterpart, Carlos Iturralde.

Bolivian Reportage on Qian Qichen's Visit

WA1409114890

For Bolivian reportage on the visit to Bolivia by Prime Minister Qian Qichen see the Bolivia section of the 14 September and subsequent issues of the Latin America DAILY REPORT.

Political & Social**Two Reporters Banned From Covering Asian Games***HK1709072790 Hong Kong MING PAO in Chinese
17 Sep 90 p 2*

[Report by Ming Fan (2494 1581): "Two Mainland Reporters Banned From Covering Asian Games for Allegedly Violating Discipline"]

[Text] As the Asian Games were drawing near and reporters from various parts were busy making preparations for the event, a piece of news emerged from the mainland reporters center that two mainland reporters were suddenly banned from covering the games last Friday for "violating discipline" and were immediately sent back to their own units. The incident reportedly made a great impact on mainland reporters and adversely affected their morale.

The source said: One of the reporters who was kicked out is Xu Shiping from Shanghai's XINMIN WANPAO and the other is Ma Hui, a cameraman from Beijing's XINHUA. According to the official internal announcement, Xu Shiping was disqualified for opposing the policy for covering the games laid down by the authorities concerned and for having written "undue" reports; while Ma Hui was for "lending" without permission to a reporter from Taiwan CHUNG-KUO SHIH-PAO his certificate for gathering news on the rostrum the day the first dress rehearsal for the opening ceremony of the games was held.

Mainland reporters are talking about the matter in private. According to an informed source, Ma Hui should not be totally to blame for his "mistake" because his certificate was transferred by another person to the Taiwan reporter with whom he was not familiar. But Ma Hui made a mistake anyway by losing his certificate and again it was actually found in the hands of an overseas reporter. This made the authorities furious. To prevent such a violation during the opening ceremony, the authorities decided to "punish one to warn a hundred," the informed source added. Therefore most mainland reporters did not raise any objection to the measure but took rather more care of their certificates so that they would not go "missing."

However, the punishment imposed upon Xu Shiping met different reaction among mainland reporters. Xu Shiping is a seasoned sports reporter and covered the 1988 Olympic Games held in Seoul. He is open-minded and has unusual courage. When he came back home from the 1988 Olympic Games, he gave many reports to college students, greatly praising the South Koreans for their outstanding achievements. Later, when Shanghai tried to sponsor the World Students Games early last year, he criticized the authorities in the newspaper saying that Shanghai's economic environment was not suitable for such major games and that the authorities should not "tire the people and drain the treasury." After the "4 June" incident, Xu Shiping was criticized within

his unit for the above reports and criticism and was charged with "liberalism." As he is a seasoned reporter with vast experience, the newspaper still sent him to cover the Asian Games this time.

It is not certain at present whether the punishment against Xu Shiping is directly related to his past behavior. Another source is quoted as saying that Xu is not the first reporter banned from covering the Asian Games for writing "undue" reports. Earlier, a reporter from a Beijing sports newspaper revealed how China "performed magic" in trying to win gold medals in the Asian Games and provided the inside story. As a result, he was not allowed even to enter his name for covering the games.

It is known that the day after the two reporters were sacked an officer from the CPC Propaganda Department called a meeting in the mainland reporters center, affirming anew the discipline for the games and demanding that all newspapers strictly examine reports about the games. He exhorted reporters to have fewer dealings with overseas reporters and take care not to "betray confidential matters" when having conversations with them.

The officer's warning has proved effective for the time being. In the past few days, Hong Kong reporters have invited their mainland counterparts with whom they are familiar to their hotels for a talk, but their invitations were declined. It seems that the above incident has not only shaken mainland reporters' morale but also affected Hong Kong reporters, because they have made friends with each other and have often exchanged information in the past. Hong Kong reporters have now had their information channels blocked and are worried about inviting their friends to have a talk for fear that such dealings will stir up trouble. They are really at a loss what to do.

Jurists, Others View Role of New Copyright Law*OW1509201390 Beijing XINHUA in English
1518 GMT 15 Sep 90*

[Text] Beijing, September 15 (XINHUA)—Leading Chinese jurists, artists and scientists agreed here today at a meeting in the Great Hall of the People that the country's first copyright law, passed at a National People's Congress Standing Committee session a week ago, would contribute to the progress of China's literature, art and science.

The six-chapter copyright law, which will become effective next June 1, is aimed at protecting the copyright of artistic, literary and scientific works, and encourage artistic creation which will benefit socialist construction.

Writer Meng Weizhai, who is also the secretary of the China Writers' Association, said that the copyright law showed that China's artistic endeavors have begun to be

governed by law. He said that the drafters of the law had absorbed relevant foreign experience and based their work on China's reality.

Meng noted that the promulgation of the law would be conducive to the implementation of the socialist principle of distribution. It would help to create a social environment in which knowledge would be respected, he added.

Leading painter Wu Zuoren said the law is very important for the protection of the rights of painters, citing the emergence of fake paintings as a current threat to the reputation of Chinese art.

Liu Senmin, general manager of the China Record company, said the copyright law will boost the enthusiasm of artists, writers and scientists, whose chronic headache, he said, was disrespect for their work by others.

Law professor Guo Shoukang from Beijing's People's University said that the copyright law is a very good beginning, although much more work needs to be done. He said the copyright law should be made known to the general public, and artists and writers should make efforts to get to know their legal rights.

Guo said the new law would also give a big boost to China's cultural exchanges with the outside world.

Legislation To Protect Minorities Readied

*HK1709041190 Beijing CHINA DAILY in English
17 Sep 90 p 1*

[By staff reporter Xie Liangjun]

[Text] Legislation to give legal protection to members of China's ethnic minorities residing outside their home regions is being readied for the Standing Committee of the National People's Congress [NPC].

The law to protect equal rights of some 18 million so-called "guest minorities" who reside outside their own autonomous areas, is currently undergoing its seventh drafting and will be submitted to the NPC Standing Committee for approval by the end of this year.

Deputy Director Ao Junde of the Nationalities subcommittee office under the NPC Standing Committee, said in an interview that this was an important step in legislation for minorities.

Also on the drafting agenda are laws dealing with the education, and the language and character of ethnic minorities. Drafting should be completed, and the laws submitted to the NPC by 1992, Ao said.

Ao, who is of Mongolian nationality, said that marked progress has been achieved in the country's legislation on nationalities affairs.

Some 80 autonomous prefectures and counties, half of China's autonomous areas, have so far promulgated and

implemented their own rules, which guarantee their right to carry out the Regional Autonomous Law for Ethnic Minorities according to local conditions.

China has five autonomous regions—Xinjiang, Guangxi, Inner Mongolia, Tibet and Ningxia, 30 autonomous prefectures as well as 124 autonomous counties or banners.

According to Ao, these autonomous rules are playing important roles in guaranteeing democratic rights for ethnic minorities to deal with their internal affairs.

Autonomous rules frame the formation of autonomous administrative departments including training and promotion of ethnic minority officials and work out economic, cultural and educational development strategy on the basis of local conditions, Ao said.

Moreover, 54 autonomous single rules have been passed and carried out in 154 autonomous prefectures and counties.

Among them, 33 provide special stipulations on marriage, allowing marriages two years earlier than State marriage law provides.

Fifty-five ethnic minorities with a total about 88 million population live around the country and 45 of which have established their own autonomous regions, prefectures and counties that has accounted for 60 percent of China's total areas.

CPC Groups Seen in Foreign-Funded Enterprises

*HK1609091890 Hong Kong CHING CHI TAO PAO
in Chinese No 35, 3 Sep 90 pp 12, 13*

[“China Economic News” column: “CPC Organizations in Foreign-Funded Enterprises”]

[Text] At present, in half of the foreign-funded enterprises that have been put into business operation in China, organizations of the CPC have been set up. It is learned that the department concerned is now considering how to correctly and properly bring the role of these party organizations into play so that their activities may be favorable to the development of these enterprises and to the implementation of the policy of opening up.

According to the officials concerned, the party organizations in foreign-funded enterprises must carry out their activities in light of the characteristics of these enterprises and effect the following points:

First, they should guarantee the implementation of the relevant laws, regulations, policies, and enterprise business principles. When the foreign partner in the enterprise violates the state's laws and regulations, the party organization should send a timely report to the department concerned in order to properly solve the problem according to the procedures and means stipulated by the contracts and in light of the laws.

Second, they should educate and supervise the Chinese cadres in these enterprises in order to prompt them to fulfill their duties, abide by discipline and laws, safeguard the state interests, and properly cooperate with the management personnel sent by the foreign partners.

Third, they should do ideological and political work among Chinese workers in these enterprises in order to build a working contingent having a lofty ideal, moral integrity, good education, and a sense of discipline and to prompt the workers to strictly abide by various rules and regulations in these enterprises.

Fourth, they should lead trade unions, youth leagues, and other mass organizations and give play to their role. In particular, the trade unions should be able to supervise enterprise leaders, safeguard the legitimate rights and interests of the workers, and play a role in promoting cooperation between the Chinese and foreign partners.

Fifth, they should do a good job in promoting the united front and serve the implementation of the policy of opening up through running the enterprises successfully. The party organizations should supervise the Chinese partners and guarantee that they will cooperate with the foreign partners. They should also guarantee that all sides concerned will fulfill the cooperation contracts through coordinating their relations in the course of cooperation. The interests of the Chinese side and the legitimate interests of the foreign investors should all be guaranteed so that they can make joint effort to run the enterprises successfully.

Series Describes Noncommunist Political Parties

OW1409142690 Beijing XINHUA in English
1413 GMT 14 Sep 90

["This is the 117th in the series 'Knowledge About China,' which began April 16"—XINHUA editor's note]

[Text] Beijing, September 14 (XINHUA)—China has eight non-communist political parties, which came into being and grew up during the War of Resistance Against Japan and the struggle against the dictatorship of the Kuomintang (KMT) before New China was founded in 1949.

Now they are political parties allied with the Communist Party of China (CPC).

The Revolutionary Committee of the Chinese Kuomintang (RCCK) was founded in January 1948 by the Association of Comrades Upholding the Three People's Principles and the Kuomintang Association for Promoting Democracy, which came into being during the War of Resistance Against Japan, and by some other patriotic democratic elements.

Many of its members are former Kuomintang members and personages associated with the KMT as well as intellectuals who have close ties with the KMT Revolutionary Committee.

The China Democratic League was first formed in Marius. At that time it was called the League of Chinese Democratic Political Groups. It changed to its present name in September 1944. Most of its members are intellectuals working in the fields of education and culture.

The China Democratic National Construction Association was established in December 1945. Its founders were mainly patriotic industrialists and bankers, as well as intellectuals associated with them.

Founded in December 1945, most of the members of the China Association for the Promotion of Democracy were intellectuals in the fields of education, culture and publishing, as well as some patriotic people from industrial and commercial circles. Now most of its members are school and college teachers, and people from cultural and publishing circles.

Founded in August 1930, the Chinese Peasants' and Workers' Democratic Party was originally known as the Provisional Acting Committee of the Kuomintang and had been founded by the left wing of the Kuomintang and some patriotic intellectuals. It was renamed the Action Committee for Chinese National Liberation in 1935 and got its present name in 1947. Most of its members are medical workers.

The China Zhi Gong Dang, set up in 1925, was originally an organization of Overseas Chinese associated with the Hong Men Zhi Gong Dang, literally "public interest party". Its members are mainly returned overseas Chinese and their family members.

Toward the end of 1944 a number of intellectuals engaged in patriotic and democratic movements organized the Democracy and Science Society in Chongqing. Later it was renamed the Jiusan Society in commemoration of the surrender of the Japanese aggressors September 3, 1945. It is composed of accomplished scientists, technicians and scholars.

The Taiwan Democratic Self-Government League was founded in November 1947 and most of its members are Taiwan compatriots.

Propaganda Chiefs Outline Theoretical Education

OW1509001890 Beijing XINHUA Domestic Service
in Chinese 0934 GMT 14 Sep 90

[By RENMIN RIBAO reporter Chen Guoqi and XINHUA reporter Jiang Shan]

[Text] Shijiazhuang, 14 Sep (XINHUA)—The national conference convened to discuss theoretical education for cadres, which came to a conclusion in Shijiazhuang yesterday, pointed out that, while educating cadres in Marxist theory, priority should be given to organizing the vast number of cadres, especially county-level and higher-ranking cadres, to study the theory of socialism; and that, during the study and education, attention

should be paid to associating major theoretical issues with the cadres' actual ideological state and the study of Marxist philosophy and theory.

Wang Renzhi, head of the Propaganda Department of the CPC Central Committee, chaired and addressed the conference. He put forward some important views regarding the need to seriously study socialist theory and to carry out education and struggle against bourgeois liberalization. He said: Organizing cadres to seriously study the theory of socialism is necessitated by the way the situation has developed today, and represents a deepening and development of the theoretical study started some time ago. He urged all local authorities to promote theoretical study by associating it with the actual local situations so that ideological problems among cadres and the masses and problems with regard to building a Chinese-style socialist society can be dealt with.

Wang Renzhi said: Firmly combating bourgeois liberalization is one of the four main projects set forth by the Fourth Plenary Session of the 13th CPC Central Committee. Only by carrying out in-depth education and struggle against bourgeois liberalization can we maintain political stability, truly unite all those who can be united with, expedite reform and openness, and promote the development of socialist culture. Over the last year or so, we have achieved conspicuous results in combating bourgeois liberalization and basically contained the spread of its ideas. To deepen this struggle, we must not only continue to denounce the reactionary viewpoints concerning bourgeois liberalization, but also must do away with its ideological and theoretical base. We must constantly publish combative and persuasive articles to denounce bourgeois liberalization, and build and develop a contingent of staunch, soberminded, and militant Marxist theorists.

During the conference, Nie Dajiang, deputy head of the Propaganda Department of the CPC Central Committee, delivered a report entitled "Carrying Out In-Depth Study and Education in Socialism Theory Is an Important Task on the Ideological and Theoretical Front Today."

Nie Dajiang's report points out: Education in Marxist theory for cadres at all levels must be regarded as a strategic matter. The quality of party cadres, their proficiency in Marxist political theory, and their ability to correctly judge the situation and firmly adhere to the correct course during complex struggles have a direct bearing on the success or failure of the socialist modernization drive and on the future and destiny of the party and the state. Since the Fourth Plenary Session of the 13th CPC Central Committee, the new leadership collective of the CPC Central Committee with Comrade Jiang Zemin at the core, has thoroughly examined its experiences and lessons, corrected the mistakes committed in the sphere of ideological education, and paid great attention to the cadres' education in Marxist theory. Today, the study of Marxist theory is becoming a

prevailing trend among party cadres at all levels, and theoretical education among cadres has entered a new stage of development.

Nie Dajiang's report stresses: While launching education on Marxist theory, priority should be given to organizing the vast number of cadres, especially county-level and higher-ranking cadres, to study the theory of socialism. This is necessitated by issues confronting socialism as well as by our historical mission. While the replacement of capitalism by socialism is the general trend of historical development independent from people's subjective will, in real life, however, socialist development in China and the world has encountered a new challenge and is facing a new test. Scientific answers, therefore, are urgently needed for the new questions raised by cadres and the masses concerning their understanding of socialism.

Nie Dajiang listed the following five requirements for carrying out in-depth study and education in the theory of socialism:

First, we should heighten people's understanding of the importance and urgency of the current study and education. Following the in-depth development of the study and education and the appearance of certain new ideological issues, we should constantly emphasize the importance of study.

Second, we should carry out in-depth study and discussion of major issues and use examples to help people understand other relevant issues more thoroughly. For example, we should guide people in the examination of the law of development of human society and in the examination of the special laws governing the movement for capitalist production so that they will understand that the replacement of capitalism by socialism is the general historical trend; understand the essence and basic principles of socialism and its characteristics and forms at different historical stages and in different countries, and uphold scientific socialism; understand that the replacement of capitalism by socialism will be a protracted, complex, and tortuous process, and that the frustrations and mistakes encountered and made on the course toward socialism have not changed and will not change this historical trend; understand that the inherent contradictions of world capitalism will not disappear because of its relative stability and development; and understand the historical inevitability for China to choose the socialist course and the superiority that has been manifested, and have a clear idea of the basic theory about building a Chinese-style socialist society so that they will be more confident with the path China is following in taking the socialist course; and so forth. People must understand these issues so that they may become more reassured with socialism.

Third, we should closely examine the actual ideological state of the vast number of cadres and the masses, especially the county-level and higher-ranking cadres, and give them theoretical guidance. While there are all

kinds of practical issues that should be examined, issues about people's actual ideological state are the most important ones. This being the case, we should encourage people to open up, think independently, and speak out. We should carry out patient and meticulous ideological work and convince people with Marxist truth.

Fourth, we should integrate the study of the theory of socialism with study of Marxist philosophy and help people understand socialism better through the viewpoints of dialectical materialism and historical materialism. Issues about socialism cannot be explained in a profound way unless they are explained philosophically. On the other hand, philosophic study must be based on the principle of integrating theory with reality, and the greatest reality at present is how to uphold the socialist course, which is an issue of universal concern among cadres and the masses.

Fifth, we should integrate the study of socialism theory with theoretical research. Answering the major real issues at home and abroad through intensified theoretical research is the key to improving theoretical education and theoretical propaganda, and thus greater attention must be directed to such research.

Nie Dajiang's report also set forth specific requirements for all propaganda departments on how they should strengthen their leadership and carefully organize study activities.

The conference was called by the Propaganda Department of the CPC Central Committee. Attending the conference were responsible personnel of propaganda departments and lecture groups under party committees of all provinces, municipalities, autonomous regions, and municipalities authorized to make independent economic planning; and responsible personnel of propaganda departments under the Committee Overseeing the Work of CPC Central Committee Organs and the Committee Overseeing the Work of State Organs; as well as responsible personnel of the Propaganda Department of the CPC Central Committee, authorities in charge of the Central Party School, and Propaganda Department of the General Political Department of the Chinese People's Liberation Army.

Scholars Examine Chen Yun's Practice, Theory

*HK1709012990 Beijing RENMIN RIBAO in Chinese
10 Sep 90 p 5*

[Article by Qiao Zijie (0829 5261 3381) and Lu Jichuan (4151 4949 0278): "A Red Thread: Seeking Truth From Facts—Scholars Discuss the Characteristics of Comrade Chen Yun's Practice and Theories"]

[Text] Recently, the Academy of Management Science of China held a symposium on Comrade Chen Yun's theoretical works in Beijing, presided over by the academy's president, Tian Fu. Leaders, experts, and scholars from the institutions concerned, totalling 120 people in

all, attended the symposium, and discussed Comrade Chen Yun's thoughts on economics and party construction and his application of the ideological line of "seeking truth from facts" put forward by Comrade Mao Zedong.

Comrades attending the symposium held that the ideological principle of seeking truth from facts is a red thread running through all works by Comrade Chen Yun and is also the prominent characteristic of his practical and theoretical activities. Therefore, the viewpoints and opinions he put forward and maintained in the fields of economic work and party construction were all in keeping with our country's actual conditions.

Comrades attending the symposium emphatically pointed out: Through studying and applying Marxist theory and summing up the party's revolutionary practical experience over a long period of time, Comrade Chen Yun creatively turned the principle of seeking truth from facts into a concrete point in epistemology and methodology, enriching and developing the ideological line of seeking truth from facts. Since the early 1950's, he has stressed the thinking method of "comprehensiveness, comparison, and repeatedness" many times and has pointed out on many occasions: "We should spend 90 percent of our time studying the situation and less than 10 percent of our time on making policy decisions. All correct policies were made on the basis of scientifically analyzing the actual situation. However, some comrades worked in a different way. They were busy making decisions every day and spent little time on making investigations and finding out the real facts. Their work method must be changed. It should be noted that one-sidedness always comes from being busy deciding policies and neglecting the study of actual conditions." ("Selected Works of Chen Yun (1956-1985)" p 35) In view of the subjectivist working method, he pointed out that the application of materialist dialectics to investigations and studies is the basic way to seek truth from facts.

Comrades attending the meeting emphatically pointed out that Comrade Chen Yun's perseverance in seeking truth from facts is in keeping with his high degree of party spirit attainments. During the Yanan period, he advocated that people "should not blindly follow their superiors and the books, but should base their ideas on reality." This gave expression to the dialectical materialist position and the scientific attitude which communists should maintain.

Comrades attending the meeting pointed out: Comrade Chen Yun applied the principle of seeking truth from facts to economic construction and held that China's economic construction should proceed from its own national conditions and should go its own road. At the eighth party congress, Comrade Chen Yun proposed that China's socialist economy should have its own pattern in light of the conditions of productive forces and relations of production after the basic accomplishment of the socialist transformation. In the aspect of ownership and

management forms, according to Chen Yun, the state-owned economy should hold the main part and a certain quantity of individual economy should also exist as a supplementary part; in the aspect of production planning, free production should be allowed to exist to a certain limit allowed by the state plans; and in the aspect of circulation, free markets, under the leadership of the state markets, should be allowed to exist as a supplement to the state markets. These ideas were completely suited to the prevailing conditions and also provided experience for our country's economic structural reform in the 1980's. Comrade Chen Yun also constantly stressed that the scale of construction must be in keeping with the country's available quantities of financial and material resources in order to ensure sustained, stable, and harmonious economic development. He pointed out that to achieve this, the key lies in ensuring the comprehensive balance.

Comrades attending the symposium pointed out: A major lesson that we should draw from our country's economic construction experience since the founding of the PRC is that we should not lay lopsided stress on a high growth rate and merely try to attain the high targets to the neglect of balanced development. If we are over-anxious for quick development without regard to our national strength, our economy will undergo violent fluctuations and fail to really develop at a fast rate. We should now seek an appropriate rate for economic development and should mainly seek better economic results. This requires that a comprehensive balance be kept in the national economy, because the development rate is conditioned and determined by the balance. Without the balance, there will be no fast development rate. Therefore, we must make effort to study Comrade Chen Yun's thinking, consistently maintain the comprehensive balance, and actually coordinate the development rate with the economic results.

Comrades attending the meeting pointed out: The main requirement of the balance is to seek proportionate development. Consistently seeking proportionate and planned development is the core and basic starting point of Comrade Chen Yun's economic thinking. To achieve the purpose of proportionate development, Comrade Chen Yun first stressed the need to arrange the short-term ratios between various economic sectors in order to achieve the overall and comprehensive balance; second, he stressed the need to leave a certain leeway in working out economic plans in order to hold the initiative in economic development; and third, he stressed that the national economy should be developed in an orderly way and according to the priority sequence of agriculture, light industry, and heavy industry. That is, the minimum degree of needs in the production sectors that produce the people's daily necessities should first be met and then, the minimum degree of needs in the production sectors that produce capital goods should be guaranteed. Only then can the remaining resources be used for the purpose of capital construction. These ideas which Comrade Chen Yun put forward reflected the purpose of socialist production.

How to combine the planned economy with market regulation is a question which is being warmly discussed by economists at present. Comrades attending the meeting said: In the 1950's, when socialist transformation had basically been accomplished, Comrade Chen Yun put forward the basic concept of correctly applying the mechanisms of market regulation under the conditions of a planned economy. This idea was further enumerated after the Third Plenary Session of the 11th CPC Central Committee. It is a pity that in the past we neglected the regulatory role of the market and included all activities in the national economy in the state's mandatory plans. This sapped the vigor of the national economy. However, in the previous stage of reform, we pinned too much hope on the regulatory role of the market and relaxed planned control, resulting in a situation whereby the economy went out of overall control. All this showed that we had not made sufficient effort to study and master Comrade Chen Yun's economic thinking about correctly handling the relationship between planning and market. In future, when approaching the question of how to establish the mechanisms, forms, and scope for combining economic planning with market regulation in light of the economic conditions in our country, we still need to deeply study Comrade Chen Yun's thinking and put it into practice.

At the symposium, the participants also discussed Comrade Chen Yun's theses about party construction in the new period. They said: Comrade Chen Yun's relevant theses carried forward and developed Comrade Mao Zedong's theory on party construction. In particular, Chen Yun's theses about the style of the ruling party is of great significance. In November 1980, in view of the prevailing conditions inside the party, Chen Yun pointed out: "The style of the ruling party is an issue concerning the party's life or death. Therefore, efforts must be made immediately to deal with the problems in party style and must not be relaxed at any time." ("Selected Works of Chen Yun (1956-1985)" p 245) In order to solve those problems, he further pointed out that leading cadres at all levels, especially the senior leading cadres, must attach great importance to the task of straightening out party style and must set a good example in this regard with their own upright behavior. Thus, he grasped the key to the improvement of party style. At the same time, he also pointed out that party discipline and administrative discipline must be strictly enforced in order that a fundamental turn for the better be brought about in party style. He demanded that a resolute attitude be adopted in this regard. Comrades attending the symposium said that these were all penetrating ideas and if they had really been put into practice, party style would actually have been improved. On 10 February 1954, at the Fourth Plenary Session of the Seventh CPC Central Committee, Comrade Chen Yun also proposed some reliable methods of preventing the appearance of major trouble inside the party. He said: "In my view, the reliable and constantly effective way that can be passed to our future generations is to raise the revolutionary consciousness and sensibility of our

party's senior leaders." "Another point is that we must strictly abide by the party's systems, rules, and regulations and carry forward the party's fine tradition. Then the party will always be guaranteed." These theses showed the key to preventing the appearance of major trouble inside our party and our country. Comrades attending the symposium held that the whole party should make efforts to study Comrade Chen Yun's theses on party construction and make efforts to strengthen party construction, and this will provide a reliable guarantee for the long-lasting peace and stability in our party and our country.

Commentator Examines Students' Social Practice

HK1409154190 Beijing RENMIN RIBAO in Chinese
1 Sep 90 p 1

[Commentator's article: "Usher in the New Semester"]

[Text] With the summer vacation coming to an end, college students once again greeted the arrival of a new semester.

During the summer vacation which has just passed, thanks to close cooperation and elaborate arrangements made between various areas, departments, and colleges, the social practice activities carried out by college students boasted not only a large scale but also rich, varied, and attractive contents and forms. From the Daqing Oil Field to the Hainan Special Economic Zone and from the Qinghai-Tibet Plateau to the construction sites in Shanghai, there were foot marks and sweat left by college students who had carried out social investigations and worked assiduously there. A lot of college students and some polytechnic school students gained a great deal from the social practice activities they carried out during the summer vacation.

Through social investigations, college students have deepened their understanding of the party's basic line, acquired a clear understanding of the socialist cause of our motherland, and more realistically assessed their own value. Some college students from Heilongjiang Province participated in practice at the Daqing Oil Field. After seeing with their own eyes the enormous contributions made by Daqing, which built itself up by relying on large-scale socialist cooperation, to take the "oil-poor" label off China, and seeing that today, again, the party's policies of reform and opening up have called forth greater vitality from Daqing, they said with deep feeling: The pioneering work done and the successes scored by Daqing have borne out that only by adhering to the party's leadership and the socialist road will China be able to become rich, strong, and prosperous. By setting up the "Key Project Labor Camp," college students of Shandong Province built a road shoulder to shoulder with the workers on the construction site of the "Jinan-Qingdao Highway," which is a key state project, thus raising their own consciousness in learning from the working people. A postgraduate student from Shandong University said: "I have personally seen workers working

hard under extremely difficult conditions without being upset by criticism. In a certain sense, it is they that are pushing the big cart of China forward. However, when we sit on the cart, we often complain that the cart is moving too slowly. Compared with them, we are indeed insignificant. We should, together with them, use our hands to push ahead with the development of our motherland, speak fewer empty words, and do more practical things." When giving special performances for the masses in the mountainous areas of Changshun County of Guizhou Province as an expression of gratitude and appreciation, the students of the Guizhou University Art Ensemble saw not only the achievements of the county in changing its own face through hard work in the decade-long reform, but also the existing difficulties. A student said: "Our country's development is still unbalanced. We should not do things with a moment's wish or on a moment's impulse. Instead, we should go deep to the grass-roots level to learn about the immediate demands of the broad masses, do something beneficial for the people in a down-to-earth manner, and apply our talents and skills to changing the backward face of poor areas." Practice has fully borne out that college students taking part in whatever social practice activities as they can during vacations will greatly benefit both students themselves and society. In the social practice activities, college students can personally experience the national conditions and the people's conditions, which they cannot deeply experience from their books, so as to become aware of the heavy responsibility they shoulder.

The real knowledge and deep insight acquired by college students through social practice are a very precious asset to their own training and growth. It is hoped that after the new semester begins, students will conscientiously sum up this asset. Only by integrating book knowledge with social practice will students be able to master real skills and become qualified personnel needed by the state and the people. This is a truth proven by the experiences of the growth of countless qualified personnel. We believe that the knowledge-seeking motive force acquired by students from their social practice will definitely stimulate them to study even harder in the new semester so as to deepen their understanding and mastery of book knowledge.

The party and the people have placed high hopes on college students. Under the current circumstances when our country is still not rich, in order to develop the education undertaking and build our great motherland, the state has made a huge investment and the people have paid a high price. It is absolutely not easy to train a college student. Students should treasure their hard-won opportunity of studying, modestly learn from practice, modestly learn from workers and peasants, get to know about society and the national conditions, overcome ideological deviations resulting from being divorced from reality, more clearly understand their own responsibility to the people and the country, train themselves to become more mature as quickly as possible, and use their own hands to create a more splendid future for our motherland.

May students score more excellent results in the new semester.

Li Ruihuan, Peng Chong Attend Concert

OW1209165290 Beijing XINHUA in English
1524 GMT 12 Sep 90

[Text] Beijing, September 12 (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, and Peng Chong, vice-chairman of the Standing Committee of the National People's Congress, attended a concert here tonight at the Beijing 21st Century Theater.

The concert featured Chinese national music and songs.

After the concert, Li and Peng met the performers.

Zou Jiahua Celebrates Tibet Phone System

OW1309190590 Beijing XINHUA in English
1536 GMT 13 Sep 90

[Text] Lhasa, September 13 (XINHUA)—Today was perhaps an unforgettable day for Lhasa-based XINHUA correspondent Mou Fengjing and his wife, who are separated by several thousand km.

For the first time since he came to work on the "roof of the world" Mou was able to call his wife on the telephone directly at their home in Shenyang, capital of northeast China's Liaoning Province.

"Why didn't you tell me you would be home so soon," exclaimed his wife on hearing his voice as clear as a bell over the telephone and thinking that he had arrived in Shenyang.

Mou's wife might have been right yesterday, but today her guess was unfortunately wrong; her husband is in Lhasa and covering an event which will have its place in the history of Tibet and the history of China's communications.

For today in Lhasa a direct-dialling automatic domestic and international telephone service went into operation.

Previously it used to take several hours or even longer to make a long-distance from Tibet to any other part of China. But at 15:00 today [0700 GMT] two ceremonies were held in Lhasa and Beijing simultaneously, at which officials announced that after the direct-dialling automatic telephone service went into operation in Tibet all Chinese cities serving as provincial or autonomous regional capitals now have access to telephone communications via direct dialling.

At the Beijing ceremony State Councillor Zou Jiahua talked with Tian Congming, deputy secretary of Tibet Regional Committee of the Chinese Communist Party. Zou said he hoped the latest development in communications in Tibet would boost the region's economy and

enhance the co-operation and exchanges between Tibet and other parts of the country.

After the Lhasa ceremony, eight telephones were offered to the people present at the ceremony for trial calls to other parts of the country.

Having made a telephone call to his girlfriend who is studying in Shanghai, on China's east coast, a young man said, "direct-dialling is terrific; her voice couldn't be clearer."

Zou Jiahua Views Tasks for Metallurgical Industry

OW1409014890 Beijing XINHUA in English
0121 GMT 14 Sep 90

[Text] Beijing, September 14 (XINHUA)—State Councillor Zou Jiahua urged China's metallurgical industry to increase steel varieties, improve product quality, raise mining output and improve services during a recent inspection tour of the Anshan Iron and Steel Complex in northeast China's Liaoning Province. Priority should be given to the production of the types of steel which are in short supply in national economic development, today's overseas edition of the "PEOPLE'S DAILY" quoted Zou as saying.

Technical transformation of existing equipment will help reduce energy consumption and raise economic results and therefore should remain as a key task during China's Eight Five-Year Plan period (1991-95), Zou said.

Meanwhile, efforts will be made to increase the output of minerals and exploit new mineral deposits, Zou said.

Li Tieying, Others Visit Medicine Exposition

OW1509194590 Beijing XINHUA Domestic Service
in Chinese 1354 GMT 14 Sep 90

[Text] Beijing, 14 Sep (XINHUA)—Li Tieying, member of the CPC Central Committee Political Bureau and state councillor, visited the exposition of Chinese medical culture this evening.

The exposition, which opened three days ago, has attracted large numbers of visitors from units engaged in research, education, therapeutic application, and production of Chinese medicines. In their outpatient services set up at the exposition, the 100 Chinese medical experts present have also examined thousands of patients. Some Chinese medicine producers have also signed a large number of supply contracts with foreign businessmen.

Wang Ping, Hong Xuezhi, Yang Chengwu and others also visited the exposition this evening.

Qin Jiwei Visits Exhibition of Yunnan Dishes*OW1409054190 Beijing XINHUA Domestic Service
in Chinese 1510 GMT 12 Sep 90*

[Text] Beijing, 12 Sep (XINHUA)—The people of Beijing had the opportunity to taste unique Yunnan dishes today. After visiting an exhibition of these dishes at the Foodstuffs Festival to welcome the Asian Games, Qin Jiwei, member of the Political Bureau of the CPC Central Committee vigorously admired them and joyfully wrote an inscription: "Unparalleled."

Yunnan dishes constitute a branch of the culinary art in China. Following the rapid development of economic construction in Yunnan Province and the expansion of its economic and cultural exchanges with other parts of China and with the outside world, Yunnan dishes have come to the fore as local dishes of unique taste. There are more than 400 kinds of traditional dishes in Yunnan, including folk dishes of the Hui, Dai, Yi, Bai, Miao, Wa, and Jingbo nationalities, whose potentialities have been tapped and quality improved.

A delegation from Yunnan Province has arrived in Beijing to spread the art of cooking Yunnan dishes. It will take part in a Beijing Greet The Asian Games Foodstuffs Festival, which will open on 15 September.

Memorial Meeting Held for Jin Xianzhai in Tianjin*SK1309114890 Tianjin City Service in Mandarin
2200 GMT 11 Sep 90*

[Excerpt] Comrade Jin Xianzhai, Standing Committee member of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], vice chairman of the sixth municipal CPPCC committee, noted medical scientist of our country, founder of China tumor medical science, and outstanding member of the CPC, unfortunately died of illness in our municipality on 4 September at the age of 86. A memorial meeting for Comrade Jin Xianzhai was held at the Tianjin tumor hospital on the morning of 11 September. Li Xiannian, chairman of the National CPPCC Committee; Li Ruihuan, member of the Standing Committee of the Politburo of the CPC Central Committee; Zhou Peiyuan, chairman of the Central Committee of the Jiu San Society, and the National CPPCC Committee, the Central Committee of the Jiu San Society and Ministry of Public Health sent wreaths to the meeting.

Attending the memorial meeting were municipal leaders Tan Shaowen, Nie Bichu, Liu Jinfeng, Wu Zhen, Wang Xudong, Wang Chenghuai, (Liu Fengyuan), Li Yuan, [name indistinct], Li Changxing, Xiao Yuan, Zhao Jinsheng, He Guomo, Yu Songting, Yang Hui, Wu Tingqiu, Fang Fang, and Li Jianguo, as well as veteran comrades Lu Da, Li Shusen, Bai Hua, Zhou Ru, and Ji Zenghui.

Liu Jinfeng officiated at the memorial meeting. He announced that Comrade Li Ruihuan made a telephone call from Beijing on the evening of 10 September. Comrade Li Ruihuan said on the phone: Comrade Jin

Xianzhai devoted all his life to the establishment and development of China's medical treatment of tumors, and made outstanding achievements. He made great contributions in relieving the ailment of cancer patients and in saving critical patients. It is hoped that Comrade Jin Xianzhai's colleagues and students will carry on his behests and continue to promote China's tumor prevention and treatment to benefit the people. [passage omitted]

Science & Technology**Recent Launch of Meteorological Satellite Noted***HK1609062690 Beijing XINHUA Domestic Service
in Chinese 1700 GMT 3 Sep 90*

["Feature" by XINHUA reporter Tan Daobo (6223 6670 0590) and correspondent Guo Jianhong (6753 1696 1347): "Overlooking the Changing Atmosphere While Chasing the Moon and Stars—Witnessing the Launching of Another Experimental Meteorological Satellite of China"—XINHUA headline]

[Text] Taiyuan, 3 Sep (XINHUA)—A beacon tower dating from the Liao Dynasty stands on top of the hill. At the foot of the hill, a 76-meter tall rocket launch tower supports a 41.9-meter tall Long March-4 rocket carrying a Fengyun-1 meteorological satellite. This is a scene at the Taiyuan Satellite Launch Center, which combines modern civilization with a historical background.

A Fengyun-1 meteorological satellite is to be launched from here on the morning of 3 September.

In the launch control headquarters and the underground control room at the launch pad, a series of numerical displays of parameters are glittering on huge display screens; rows of indicator lamps, red, yellow, and green, are blinking like curious eyes. Controllers of different ranks and operators are watching the panels attentively, calculating swiftly, or issuing or repeating orders. Television screens show launch pad operators around the rocket busily preparing for the launch, climbing up and descending the launching tower. Although the images conveyed through video cameras are dazzling, the operation team assure people with their swiftness and impress people with their efficiency.

In different forms, everybody is waiting for the arrival of the sacred moment.

"Ready in one hour!" "Ready in 30 minutes!" "Ready in 10 minutes!" Each instruction from the commander sounds like a stone which drops in a deep pool, giving rise to a chain of reactions. The working platform begins to pull back its arms, and the huge rocket bearing the satellite is exposed to open air, glittering in the sunshine. Numerous pipes and wires which surrounded the rocket like a spider web supplying "nourishment" to it over the past many days are now cut off from the "embryo" which is going to be born very soon....

It is about time for the launch. All personnel, from grey-headed senior engineers to young workers, are standing at attention around the launch pad, with their faces toward the rocket to bid farewell to it before the launch. Several girls in silver-grey work suits are so excited that their eyes are brimming with tears.

"Ready in one minute!" "Ignition!" As soon as the chief commander gives the order, an operator at the launch control panel resolutely presses the ignition button, which causes an instant "joyful" vibration at the rear of the rocket. Then fire and smoke jet out from the bottom of the rocket, exerting an enormous repulsive force on the surface of the water in the underground tank below the rocket, and causing the water to spray against a slope 300 meters away. At this moment, the sky, the land, and the hills over an area of several dozen square kilometers around the launch pad are all trembling in the roaring of the launching rocket. In an instant, the huge and powerful rocket, with a satellite which weighs more than 800 kg fixed on its top, has lifted several hundred meters above the ground, dragging four 30-40 meter-long dazzling fire tails behind it. The four fire tails then join to become a fire belt and disappear from sight in only 17 seconds, leaving a long band of white smoke twisting slowly behind in the immense cloudless blue sky.

"Radar tracking is normal!" "Remote telemetric tracking is normal!" Messages keep pouring in from various satellite observing and tracking stations across the country, reporting the normal flight of the rocket.

"Ignite the second stage booster!" The protective cover of the satellite is cast off. In an instant the satellite has flown into space. Together with the third stage booster, it continues to move forward in accordance with the program and instructions meticulously designed by the chief commander. Some 20 minutes later, the satellite separates from the booster that has sent it into orbit. And very soon the satellite begins to send the first batch of meteorological data and nephograms back to the satellite ground station.

All the people, from experts in the launch headquarters to the masses who stand on the hills watching the launch, are all so excited that they warmly applaud and cheer the success of the launch. Staying at the launch pad and waiting for the expected news of victory, the operational personnel who have got lost for a while at the completion of their project, now suddenly feel the glory of their career.

Chasing stars and the moon in space, the satellite is now watching closely at the atmosphere—along the high orbit passing through the North and South Poles, it will serve as another auspicious space "courier" for the Chinese people of all nationalities, helping them take precautions against natural disasters.

Video-Phone Service Connects Shanghai, Beijing

OW1509001590 Beijing XINHUA in English
1333 GMT 14 Sep 90

[Text] Shanghai, September 14 (XINHUA)—Official video-phone service started today between Shanghai, China's largest industrial center, and Beijing, the nation's capital.

Thus is the second such system, following that between Shanghai and Tokyo.

The equipment for the system was provided by the Kokusai Denshin Denwa Co. Ltd. of Japan.

Military

'Bourgeois' Call To Depoliticize Army Criticized

HK1409001790 Beijing JIEFANGJUN BAO in Chinese
14 Aug 90 p 3

[Article by Zheng Nianqun (6774 1819 5028): "Commenting on the Fallacy of 'Depoliticizing the Army'"]

[Text] Bourgeois liberalization "elitists" regarded the Chinese People's Liberation Army [PLA] as their biggest obstacle in the pursuit of capitalism in China, and before and after they provoked that counterrevolutionary rebellion in Beijing last year, they tried every possible way to vilify and attack the army, forward a reactionary proposition on "depoliticizing the army," and advocated that the party should be separated from the army, the army should remain "neutral" in political struggle, the army should not deal with internal affairs, and so on. We must expose and criticize these fallacies.

The Crucial Point Is To Oppose and Negate the Party's Absolute Leadership Over the Army

While preaching "multipartism," those who adhere to bourgeois liberalization say that a crucial question of the Communist Party's reform is the "separation of the party from the Army"; in the course of the turmoil and rebellion, their prominent figures publicly proposed to "abolish the Central Military Commission" and to "abolish the party branches of all organizations and the Army" and said that the "Army is the state's army and the people's army but not the army of your Communist Party alone." They set the party against the state and set the party against the Army in a vain attempt to use the "nationalization of the Army" to negate the party's absolute leadership over the Army. This is their motive for preaching the "depoliticization of the Army."

It is an important principle of Army-building to persist in the party's absolute leadership over the Army. Comrade Mao Zedong clearly and definitely pointed out: Our principle is that the party commands the gun and the gun must never be allowed to command the party. Since our Army was founded, it has been under the party's absolute leadership and has struggled hard to implement the party's programs and line. Prior to liberation, our Army

fought a protracted bloody battle to implement the party's minimum program—overthrowing domination by imperialism, feudalism, and bureaucratic capitalism; after the seizure of state power, our Army combated foreign aggression, consolidated state power at home, struggled hard to carry out the party's maximum program—pursuing socialism and communism—and guaranteed the smooth progress of the socialist revolution and construction. Our party's nature and historical mission and the nature of our Army as a people's army have determined that our Army must be unconditionally placed under the CPC's absolute leadership. In the course of our Army's development—centered on the issue of party leadership over the Army—the party Central Committee waged a protracted and unremitting struggle against all erroneous acts of weakening party leadership and all plots in an attempt to abolish party leadership over the Army, upheld the party's absolute leadership over the Army, and guaranteed our Army's proletarian quality. Recently the party Central Committee and Central Military Commission have repeatedly emphasized the party's absolute leadership over the Army; this has been proposed in light of the revolutionary tradition of our party leadership over the people and on the basis of the new characteristics of the international and domestic class struggles and the special mission entrusted to the Army in the new historical period. At present, our party's ability to unswervingly exercise absolute leadership over the Army has a bearing on the important issues of whether or not our Army can be forever politically qualified and of whether or not our country can be in good order and secure permanently.

It is correct that our Army is the army of the state and the army of the people. Our country's Constitution provides: "The PRC's Armed Forces belong to the people" and the state sets up the Central Military Commission to exercise leadership over the Armed Forces throughout the country. However, this does not contradict party leadership over the Army and it is absurd to attempt to use this to negate the party's absolute leadership over the Army. Our party is a ruling party and a party to lead the regime of the entire country. Our party's leadership status in state life was formed in the protracted revolutionary struggle and vested by history and is clearly and definitely provided for by the Constitution. Now that the party exercises leadership over the complete state machine, that naturally includes the Army, an important component part of the state machine. Therefore, the party's absolute leadership over the Army is completely identical with state leadership over the Army. The CPC represents the interests of the proletariat and laboring people; it is the party's aim to serve the people wholeheartedly; and persisting in the party's absolute leadership over the Army basically guarantees our Army's nature as the people's army. The Chinese PLA is both the people's army and the party's army. The attempt to use the People's Army to negate the People's Army and the attempt to negate the party's absolute leadership over the Army are ulterior motives and will prove futile.

The Army's Function of Consolidating State Power at Home Brooks No Negation

Another important argument for the "depoliticization of the Army" that the Army's function is "merely resisting foreign aggression." During last year's turmoil, some prominent bourgeois liberalization figures did their utmost to oppose the troops entering the city and enforcing martial law and said: "Why do the troops come to Beijing instead of going to the Laoshan front to fight?" and "The Army is meant to resist foreign aggression and Beijing is not a frontier." They set the Army's function of resisting foreign aggression against its function of consolidating state power at home.

As is known to all, the Army is the product of class struggle. As an important component of the state machine, the Army has had the function of dealing with internal affairs since it came into being. Before the seizure of state power, the Army's task is to defeat the hostile class through armed struggle; after the seizure of state power, it must be prepared to smash the reactionary class' counterattacks at all times and consolidate state power. Engels pointed out: "If a political party is unwilling to lose the fruits for which it has striven, after winning victory, it must rely on its weapons to cause fear in the reactionaries in order to maintain its domination" ("Selected Works of Marx and Engels," Volume 2, page 554). Lenin pointed out: "Whoever does not expect to realize socialism through the social revolution and the dictatorship of the proletariat is not a socialist. Dictatorship is state power that directly relies on violence. In the 20th century (and the whole civilized era), violence is not a fist nor a club but an army" ("Complete Works of Lenin," Volume 23, page 93). These statements of Engels and Lenin clearly expound the Army's function in consolidating state power. The fact that it checked the turmoil and putting down the counterrevolutionary rebellion last year explains once again that the gun is relied on to seize state power and likewise, state power cannot be consolidated without the gun. When our country is at a crucial moment, when its fate hangs in the balance, the People's Army led by the party is relied on to vigorously turn the tide and control the situation. The lesson paid for with blood tells us that the Army is the pillar of the socialist republic and on the one hand, it shoulders the sacred mission of resisting foreign enemy invasions and safeguarding the country's independence and territorial sovereignty and integrity; while on the other hand, it assumes the tasks of preventing the enemy's subversion, suppressing counterrevolutionary riots and rebellions, and protecting the people's peaceful labor at home. Those who deny the Army's domestic functions either harbor an ulterior motive or are extremely childish and ridiculous.

In fact, when social order encounters serious sabotage, political rule faces serious threats, and an incident cannot be suppressed by any other means, either a capitalist or a socialist country will usually use its army to control the situation. After the Second World War, Britain used its Army to interfere in workers' strikes on

35 occasions. What happened to the United States, which flagrantly censured our country for putting down the rebellion? Putting aside what happened long ago, since the 1960's, the United States has used its Army for this purpose on dozens of occasions. In 1963, due to continuous black people's and students' demonstrations in Cambridge in the state of Maryland, a U.S. national defense unit was stationed in the school for as long as a year; in the spring of 1968, to cope with black people's riots, the federal army sent a force of over 88,700 soldiers to cities, including Chicago. It can be seen that in the world, there is no country whose army functions only to deal with external affairs.

The Army Has Always Been a Tool for Class Struggle

With half-baked knowledge and an ulterior motive, the bourgeois liberalization "elitists" attacked our Army with the so-called functions of a Western bourgeois country's army, that it does not intervene in party struggle, and babbled that the army should remain "neutral" in political struggle. Their intention was obvious and easily seen; they wanted our Army to look on with arms folded when our country was at a critical juncture so that their criminal plot to overthrow the people's regime could succeed.

A state is the product and manifestation of uncompromising class contradictions. As an important component of the state's political superstructure, the Army is a violent tool of class struggle. In history, the army of any country serves the ruling class' interests. The army of ancient slave society served the interests of the slave-owning class and its freemen; the army of a feudal country serves the interests of the landlord class and its literati and officialdom; the army of a bourgeois country serves in the interests of the bourgeoisie; likewise, the army of a socialist country serves the interests of the working class and laboring people. There is and cannot be any supra-class or "neutral" army in the world. The Chinese PLA is the Chinese People's Army and fights thoroughly in the people's interest. When the people's interests face a serious threat, as the People's Army the PLA can by no means look on with folded arms, be absolutely "neutral," and it will naturally carry out the party and state's orders and stand up to defend the people's interests. The liberalization "elitists'" attempt to allow the Army to be "neutral" and not "interfere in" their criminal anti-party and anti-socialist activities, is a daydream.

Indeed, some Western countries' constitutions provide certain articles and the U.S. Constitution provides that the Army does not belong to any political party, the president is the Armed Forces' commander-in-chief, and Army servicemen "are not allowed to participate in any party activities"; many bourgeois countries stipulate that soldiers cannot take part in an election and cannot concurrently be a congressman and government official. However, this does not show that a Western army is "neutral." U.S. law provides that the army "shall not participate in" party struggle and it seems that the U.S.

Army has not participated in the struggle between the Republican and Democratic Parties. However, as long as we analyze from a class viewpoint, the problem is clear. Over the past 100-some years after the American War of Independence, there have been dozens of presidents, the Democratic and Republican Parties have been the banker by rotation, and have merely struggled within the monopoly capitalist class; the regime's class substance has not changed. Their Army surely did not intervene in the parties' internal struggles which did not touch the capitalist system and the bourgeoisie's basic interests. Nevertheless, once their class interests and political domination face a threat and the situation cannot be controlled by any other measures, they will use the Army for suppression without hesitation. A Paris reporter asked the governor of the State of California why troops were sent to the University of California to suppress students in 1969. The governor spoke without reservation, saying that it was to suppress the left; reliable information proved that the Communist Party manipulated the students from behind the scenes. The fact mercilessly laid bare their lies. Their so-called allegation that the Army does not participate in politics and remains "neutral" in party struggle is completely made to conceal the reactionary class substance of their Army.

The Army Cannot Be Separated From Politics

The concept of the "depoliticization of the Army" itself is contradictory, unscientific, and, therefore, untenable. According to Marxist principles, war and politics and the Army and politics are inseparable. Lenin pointed out: "War is the continuation of another measure of policy. Any war cannot be separated from the political system of which it was born" (Completed Works of Lenin, "Volume 24, page 369). War is politics with bloodshed while politics is war without bloodshed. The Army is an armed group to carry out political tasks and always serves certain class politics. Today it serves either proletarian politics or bourgeois politics and there is no "depoliticized" army. If an army is really "depoliticized," it will lose its value and wither away. Therefore, the proposition of the "depoliticization of the Army" is as absurd as that of leaving the globe by pulling the hair of our heads.

The "depoliticization of the Army" preached by the bourgeois liberalization "elitists" is not only deceptive talk but also further exposes their sinister intention to vainly attempt to alter our Army's nature. The aim of their so-called "depoliticization of the Army" is substantially that they want our Army to abandon proletarian politics, go for their bourgeois politics, and serve their criminal political aim. After the suppression of the counterrevolutionary rebellion in Beijing, when those "elitists" were summing up the lessons in failure, they said bitterly: "It was an unwise move "not to grasp the Army." At that time, if "a division had been grasped, the situation would have been quite different." In the future it is necessary to "do PLA work in a big way." Some U.S. bourgeois politicians also said that a very unwise move of the China's "democratic movement" was not grasping

the Army. These remarks show that their so-called allegation of the "depoliticization of the Army" is a completely false and deceptive trick and its aim is to draw the Army over to their side. In fact, hostile forces at home and abroad have regarded the Army as an important target by which to carry out peaceful evolution and as evolutionary and anti-revolutionary developments unfold, they will further intensify their sabotage of the Army. In view of this, we must maintain sharp vigilance.

Comrade Deng Xiaoping said: "However it is updated, our Army is forever the Army led by the party, forever the guard of the state, forever the guard of socialism, and forever the guard of the people's interests." We must resolutely get rid of the interference of the "depoliticization of the Army," strengthen political building, and forever maintain our Army's clear-cut political nature. Under absolute party leadership, we must build our Army into a great wall of steel forever loyal to the party, people, and socialist motherland so that it will be in an invincible position in the struggle between infiltration and anti-infiltration, between subversion and anti-subversion, and between peaceful evolution and anti-peaceful evolution.

Historic Humiliation Grounds for Strong Defense

HK1409153090 Beijing JIEFANGJUN BAO in Chinese
14 Aug 90 p 1

[Article by Zheng Feng (1767 6912): "Forget Not the National Humiliation; Invigorate China—Written on the Occasion of the 90th Anniversary of the Occupation of Beijing by the Eight-Nation Expeditionary Force"]

[Text] Today in the chronicle of the Chinese race is another day of great humiliation.

On 14 August, 90 years ago, following the first ravaging of the capital and the burning of Yuanmingyuan by a joint British and French force in 1860, this old capital was subject to another blatant and open occupation by bandits. For the first time in modern history a very weak semi-colonial and semi-feudal country was dismembered by Britain, the United States, Germany, France, Russia, Japan, Italy, and Austria. This gang of bandits, intent on suppressing the Boxer Rebellion and carving out China, upon setting foot on the land of China, tore up their cloak of "Western civilization" and committed beastly acts such as plundering, arson, murder, rape, kidnapping, and every possible heinous crime. They were responsible for great tragedies and all the paper in the world would not be enough to list all their crimes! After taking over Beijing, the eight-nation expedition forced the Qing Dynasty to sign the humiliating and power-surrendering "Xingzhou Protocol." The indemnity (named as "Gengzi Idemnity" in history) was 450 million taels of silver to be paid over a 39-year period at an annual interest rate of 4 percent; the principal and interest totaled 980 million taels. Against the population of 450 million, each person would have to pay one tael of silver, excluding interest. This again caused disastrous

economic losses to the already crumbling Chinese feudal economy and inflicted tremendous trauma to the Chinese people's spirit. This "protocol signed under the bayonet" worsened and deepened the division of China in political, economic, and military terms and forced her into deeper humiliation and poverty. Recalling this incident and the history following it and committing this national humiliation to our memory are quite necessary if we are to inspire our people to realize the four modernizations and invigorate China.

Since the Opium War, China had been slowly turning into a semi-colonial and semi-feudal country. But this had not satisfied the imperialist powers, which wanted China to become a colony. As Mr. Sun Yat-sen remarked: "Surrounding us now are all strong neighbors who are greedily eyeing China's rich natural resources. They have been devouring China with increasingly blatant moves, and the division of China is very much a present threat." Following the Sino-Japanese War of 1894-1895, imperialist powers had intensified their invasion, and the eight-nation expedition against China occurred with this background. The series of aggressive wars waged by imperialist powers against China, including the above-mentioned war, brought unprecedented disaster to the Chinese people: The land was carved up, wealth plundered, and people slaughtered. "Four hundred million cried at the same time: Where is our country?" faithfully portraying the situation. Imperialists' aggressive wars made China poor and backward, and this then fed the imperialists' ambition for aggression. Poverty invites bullying and backwardness will be trodden upon. Faced with the real danger of racial extermination, many able figures gave the enlightening slogan: Continuous self-strengthening to reinvigorate China! One of the important reasons the Chinese people have stayed strong in spite of trials and tribulations, and still exists despite many invasions, is the adherence to a patriotic struggle to invigorate the country. We must treasure this valuable national spiritual wealth.

Today, in order not to forget national humiliations and to invigorate China, we must be resolved to walk the socialist path under the leadership of the party. This is the conclusion to which we will inevitably come after reviewing modern history. In modern China, although there have been successive patriotic struggles to "save people from hell and pull China away from the brink of destruction" from the Taiping Rebellion to the Boxer Rebellion, from Lin Zexu to Sun Yat-sen; who either lobbied and organized or spilled their blood in combat—even winning important victories—the efforts had all ended in failure. This was a result of historical or class limitations and, specifically, the inability—nor was it possible even if they had known this—to tie in invigorating China with the grasp of Marxism and the building of a socialist system. History has proved that neither peasants' egalitarianism, nor the feudal landlord class's reformism, nor a bourgeois democratic republic could save China. But, "just when you suspect that there are no more roads among the flowers you will find a trail

ahead." Since the Chinese people chose the working force's pioneer force as their leading force, the situation changed. The CPC applied the Marxist scientific world outlook, rethought China's future and fate, established as the basic program of national liberation and state independence and socialism as the inevitable path for the revolution. All these overcame the historical limitations of all the patriotic struggles in the past and gave the struggle a whole new content. Under the party leadership and after decades of extremely arduous struggle, the people of our country finally overthrew the evil rule of the "Three Great Mountains" which had been responsible for the stagnation, weakness, and poverty in Chinese society; scored great victories in the noble undertaking of invigorating China and opened up a new era in Chinese history. Only socialism can save China—this is an undebatable historical conclusion. In the 40 years following the founding of New China, we have continued to march forward along the socialist path, scored tremendous and world-renowned achievements, and made the socialist motherland, which stands tall in the East, a significant force in the current international arena. Invigorating China and striving for wealth and national strength, the noble wish for which generations of Chinese in the last hundred years have ceaselessly struggled, is becoming and has become a lively reality. Today, if political, economic, and social stability can be maintained, the socialist modernization will score bigger victories, and the grand "walk-three-steps" development strategy will be realized. Only socialism can develop China—this is another undebatable historical conclusion. The history of the last hundred years has proved that invigorating China and socialism, and patriotism and socialism are completely identical. Divorced from socialism, invigorating China would become an empty slogan. A very small number of so-called "political elites" who stubbornly cling to bourgeois liberalization have tried to separate the two and contrast them. But this has only shown that their cry of "invigorating China" and "patrioticism" is false and that their true intention is to initiate capitalism and sell the country. And this is reactionary in terms of history. If China reverts to a capitalist road, a new bourgeois class will be reared and fattened with people's blood and sweat; most people will again be plunged into poverty. China will again be split and become a vassal to international monopolistic capital, and a historical tragedy such as the invasion by the eight-nation expedition of Beijing in which the joint British and French forces burned Yuanmingyuan would occur again. The Chinese people, who have gone through many disasters and tragedies, will not allow this to happen.

For every member in the People's Army, remembering national humiliation and invigorating China means to participate in consolidating national defense and building a modern and regular revolutionary army. National defense is a bulwark for the survival of any people. One of the important reasons why our country has historically been bullied and subjected to outrageous humiliation by other powers and pushed to the brink of

extinction, has been lax military discipline and the lack of national defense. The corrupt and incompetent Qing Dynasty siphoned off the wealth of society for the whims and desires of the nobility, while border defense troops, the "Eight Banners" and "Green Camp," were suffering from poor quality and did not have a sufficient number of fine soldiers. So the joint British and French forces advanced unopposed and burned down the "Garden of Multi-Nations." When the Empress Dowager, who had been ruling behind the veiled curtain, fleeced the whole nation of silver and with it built Kunming Lake, the "Beiyang Navy," which defended the gateway to the whole country, had few, if any, qualified warships, and so the eight-nation troops, which were bandits in fact, made their way into the capital city, brandishing their weapons all the way. History is stern and does not allow people to forget. A nation cannot stand on its own without defense, and the people will be worried if there are no soldiers. The debris inside Yuanmingyuan is living proof. History has informed us that to "invigorate China" and keep it among the peoples of the world, we must "strengthen ourselves with the four modernizations" and strengthen the modernization and construction of national defense. We should see clearly that total peace is still a very remote possibility. The current peace in the present-day world is that of conflict and dialogue, and an unstable peace side by side with limited wars and ceaseless armed conflicts. A thousand days of peace does not warrant a single day without defense. To smash invasions and attempts to subvert socialism and defend national security and people's peaceful labor remains a matter of life and death. Let us make new contributions to "eliminate war before it starts and preserve long-term peace," to strengthen the construction of revolutionizing, modernizing, and regularizing the Army and to realize the four modernizations and invigorate China!

Deng's Military Theories Suit New Era

HK1709042590 Beijing CHINA DAILY in English
17 Sep 90 p 4

[By Zhang Huimin]

[Text] Deng Xiaoping inherited Mao Zedong's military ideas and developed them to suit the new era. This is the consensus reached by participants in the All-Army Symposium on Mao Zedong's Military Ideas.

Sponsored by the People's Liberation Army [PLA] Military Science Academy, the symposium was held in Hefei, capital of Anhui Province from September 8 to 12.

Ten years ago, as our Army entered a new era, it was confronted with a host of complex problems. It was Deng who formulated new principles and guidelines on the basis of Mao Zedong's military ideas to solve all these problems, according to Jiang Shuxue, president of the PLA Military Science Academy in an article presented at the symposium.

Contribution

Jiang summarized Deng's contributions as follow:

—Deng put forward the new thesis that a new world war can be averted. Based on an analysis of the international situation, Deng pointed out that the danger of war remains because of the rivalries between the hegemonists powers and we should maintain our vigilance.

Yet, the forces of peace are beginning to outweigh those of war, with peace and development becoming the two major themes of our times. As long as people across the world unite and make an effort, peace can be preserved for a long time to come and a world war can be avoided.

The Chinese people firmly side with the forces of peace.

—Deng proposed a strategic shift in our ideas of the organization of the Army and oversaw its being put into practice.

As a world war will not be fought in the foreseeable future, we should shift from preparedness against an early war to a peacetime army. That is to say, the Army should take advantage of the peaceful environment to work on the basics.

—Deng laid down the principle that organizing and strengthening the Army be subordinate to the overall economic construction of the nation during the absence of a major war.

Since the relationship of a wealthy nation and a strong army is dialectical, the modernization of national defence will not have a solid basis until there is economic prosperity. On this account, the Army should exercise "patience" and actively back the national economic construction for some time.

In the meantime, even though the military budget cannot be greatly increased, the organization of the Army should be strengthened and arms and equipment be upgraded as much as possible.

—Deng laid down the general target of building a modernized army. Absolute leadership of the party over the Army should be guaranteed and political work strengthened.

Professional military training should be of strategic importance and the ability of officers to command and manage should be upgraded. The Army should be a modern, regularized and revolutionary one, run strictly in accordance with laws and decrees.

Deng formulated the idea of a people's war under modern conditions and called for study of Mao Zedong's military ideas.

We attach importance to technology but we do not implicitly believe that technology determines everything, Deng said. Otherwise, man's initiative would be negated.

To fight against any aggression in the future, it would still be a people's war, but new conditions should be taken into consideration. As long as we wage a people's war, even if the enemy attacks now, we can fight with the arms available to us and win in the end. There should be full confidence that in any future war against aggression, we, weak as we are, will triumph over a strong enemy. Despite our inferior equipment we can defeat a better-equipped enemy. We should develop our own military technology and let advanced theories play a guiding role in the modernization of national defence.

—Deng mapped out the principles for reform of the Army. He pointed out that to suit the needs of modern warfare, the number of troops should be reduced and the organization of the Army be streamlined so that efficiency is raised. The money thus saved is used for upgrading equipment. The setup of our Armed Forces should be a combination of a crack military force and a regular army with strong resources. With enhanced combat capabilities as its basic aim, reform should proceed in an orderly and steady fashion.

As an eminent leader of our Army, Deng's theories are an important component of Mao Zedong's military ideas, said Yang Yongbin, political commissar of the PLA Military Science Academy in his closing address at the symposium. Deng's theories on the organization and in particular, the reform of the Army were formulated to suit the new era, have Chinese characteristics and are relevant to the present, Yang stressed.

Characteristics of Border Wars Analyzed

HK1609064490 Beijing JIEFANGJUN BAO in Chinese
17 Aug 90 p 3

[Article by Qiu Xiaoguang (6726 2556 0342): "Shallow Analysis of Characteristics of Border War"]

[Text] A limited war in the border areas is a complicated social phenomenon. As a philosopher put it: There is no present puzzle that does not indirectly reflect historical complications. Border conflicts usually last many generations and feature coexistent contradictions and a likelihood of falling under the influence of various developments. In addition, territorial disputes concern fundamental national interests, so no parties are ready to make concessions. Therefore, there have been in history many limited wars or military conflicts resulting from border disputes.

The past experiences show that limited wars bore the following regular characteristics:

They were affected and restricted by various factors at home and abroad. In a sense a border war is the epitome of internal and external struggles. In modern times in particular, there have been few border wars that were not related to the international situation. This is because border wars are related to the state will while the latter is related to international struggles. Facts since World War II have shown that confrontation between two major

military blocs would change a certain country or region into a "hot spot" in a moment, placing it on the brink of war. Some countries, to serve the interest of some international bloc or to be encouraged by some treaty, declared war on a neighboring country with the help of a third party. On the other hand, the development and outcome of a border war were restricted by international factors. That many "hot spots" have cooled down with improved relations between the West and East has given evidence on the matter.

Domestically, a border war must follow national strategy. This is because the government concerned must, before it wages war, give careful consideration to political and economic factors such as: What comprehensive national strength does it have at its disposal? How long and to what extent can the country's finances support the border war? Is the war to its advantage or disadvantage? In short, the government has to weigh the border war, a just war as it is, against the country's overall interest. Again, it has to take the people's wishes into account. Currently, the struggle for peace and against war waged by people throughout the world is rising to a new height, preventing many wars from breaking out in varying degrees. On the contrary, the people of some countries will come out against their governments or even carry on an armed struggle against them if they are weak and incompetent and surrender their countries' sovereign rights under humiliating terms.

To have a correct understanding of internal and external factors affecting and restricting the border war will contribute to improving war forecasts and correctly working out policies for strengthening border defense and tactics of the struggle against the enemy.

The border war is subordinate to and serves political, economic, and diplomatic struggles. The border war is an essential means to safeguard the nation's political and economic interests and to ensure territorial integrity and national safety. Therefore it must be unconditionally subordinate to and serve the political, economic, and diplomatic struggles. By being subordinate to these struggles, we mean that a border war must be waged in accordance with the nation's political and diplomatic principles, while by serving them, we mean that a border war must achieve the nation's political and economic goals to the greatest extent.

Under modern conditions, a border war as a special form of war will not strictly follow the general law of wars. Specifically speaking, matters that are purely concerned with war, such as whether the border war is worth fighting; when, where, how, and to what extent it will be fought; how the commander's unique tactics can be brought into full play; how the favorable battlefield conditions can be made use of; and how the opportunity for combat can be best seized must all be studied in line with political, economic, and diplomatic struggles, following the principle of making war on just grounds, to our advantage, and with restraint, and trying to gain the

political and diplomatic initiative. It is clearly a demanding job for military commanders. They have to be sober-minded politically and are provided with intense strategic consciousness. Even commanders of a tactical operation are allowed no exceptions.

The border war has limited goals and employs extraordinary means for sudden attack. Though the border war is characterized by limited goals and is on a small scale, the party that brings on the war usually applies the principle of "putting the enemy to rout suddenly by plunging their crack forces into war," namely, they generally send all their picked troops and use the most lethal weapons available, and employ the tactics of "killing a fly with a sledgehammer" so that they will win the war in a moment, "reaching the goal at one stroke." This is because you will be unable to regain the results of battle if you fail to keep them and the opportunity for combat knocks but once. Employing extraordinary means to unleash a war which has limited goals and a limited scale accounts for the change in the form of wars. This is of great significance for studying the limited border war.

The tactical operation tends to have a direct effect on the overall strategic situation. During traditional wars, to lose a battle will not produce a major impact on the overall strategic situation. In a modern border war a tactical operation will sometimes directly achieve the strategic goal. The reason is that strategic goals for a traditional war cannot be achieved before several battles are fought, while the modern border war is usually very brief: The attacker launches an offensive like the "surgeon operating on a patient," or deals a vindictive blow and then flees immediately. Therefore each battle is of great importance to both parties. This calls for basing tactical operations on strategic purposes. It is to meet this demand that many countries have sent high-ranking officers to direct border wars and seen to it that military units at different levels make preparations simultaneously.

Military School Teachers Summer Camp Ends

SK1409130990 Harbin HEILONGJIANG RIBAO
in Chinese 17 Aug 90 p 3

[Text] The 12-day second summer camp for teachers of all military schools and academies ended in Harbin on 15 August. Lieutenant General Han Huaizhi, deputy chief of the General Staff of the General Staff Headquarters of the People's Liberation Army, and Lieutenant General Liu Jingsong, commander of the Shenyang Military Region, attended and spoke at the closing ceremony.

During the period of the summer camp, participants went sight-seeing in Harbin City; toured Taiyangdao, Jingbohu, and some other scenic spots; and visited some troops and the Harbin Boiler Plant. In addition, some cultural and art troupes staged performances for participants of the camp.

Economic & Agricultural

Article Views Development of Price Reform

HK1709095490 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 1 Sep 90 p 3

[Article by Xiu Peisheng (0208 1014 3932) and Ye Wei (0673 0808): "China's Price Reform Takes Small, Steady Steps"]

[Text] In recent years, the deteriorating situation in inflation has been brought under control step by step in China. This year, the margin of price hikes has been reduced month by month. The first half of this year registered an average price increase of 3.2 percent, which is much lower than the 25.5 percent recorded during the same period last year; this was the lowest price increase period since 1985. This gratifying achievement could not have been realized without the economic improvement and rectification over the past two years and the implementation of the principle of carrying out price reform in small, steady steps.

The price system has always been an important part of the reform of the economic structure. The existing price system, which took shape under the old economic structure, cannot truly reflect the labor cost of products, nor can it sensitively reflect the change in supply-demand relations nor truly reflect the surplus or shortage of resources. Therefore, it is an unreasonable price system. It did play a positive role in China's industrialization process. But, with the development of the commodity economy, the law of value has been playing an increasingly important role, and the shortcomings of the distorted price system have become more and more obvious. Such a price system cannot effectively regulate the economy but serves instead as a major obstacle to in-depth development of reform and economic growth. Hence, the reform of the irrational price system has become a problem that cannot be sidestepped.

The reform of China's economic structure began with the readjustment of the irrational price system. Over the past 10 years, price reform has undergone two stages. The first stage was from 1979 to 1984. During this period, readjustment was taken as the key link while decontrolling measures were made subsidiary; commodity prices basically showed a tendency toward moderate increase on the market. The second stage was from 1985 to the first half of 1988. During this period, decontrol became the main theme, while readjustment was made subsidiary, and commodity prices rose remarkably. But neither stage managed to completely reset the distorted price system, and price relations still remain unreasonable, while price reform has brought about a continuously rising price level. The double-track price system for the means of production that emerged from price reform has played a positive role in the transition from the old mode to the new, but has given rise to many contradictions as well. During economic improvement and rectification that began in September 1988, the

problem of inflation has been resolved and commodity prices have been stabilized in a year or more because of the implementation of the "double retrenchment" policy regarding aggregate demand and supply. However, while this policy has solved the problem concerning the overall price level, it failed to solve the price structure problem, which remains unchanged.

During the price reform over the past 10 years, our adoption of timely measures of compensation, on the whole, kept urban living standards from declining in spite of price reform and price hikes. However, during the price readjustment launched in the first half of 1988, we failed to fully consider the fact that urban residents were not well prepared for price hikes. Price readjustment was carried out on a large scale and scope, and commodity prices soared remarkably. As a result, the first half of 1988 witnessed "panic buying."

Drawing a lesson from the past experience, we have adopted the principle of taking small, steady steps according to the plan in price readjustment last year and this year, and satisfactory results have been scored. The price of travel tickets, salt, cotton textiles, and knitwear were raised last year; and the prices of crude oil, railway freight, and postage have been readjusted. The chain reaction and social impact of these price readjustments have been much more moderate than those in the previous years and there has been no more panic.

Because economic improvement and rectification has been going on for more than a year, the supply of many products now exceeds the demand. This has created a fine economic environment for price readjustment. Because of the lack of effective competition in reality however, the public is still not well prepared for the impact of price readjustment and there is still a possibility of inflation. During the economic improvement and rectification period, price readjustment under the state plan will still be the main form of price reform, and the principle of taking small steps will still be upheld in the price reform process.

Now we are sure on one point: the guideline for and general trend of price reform is a regular, steady, yearly readjustment of prices in a planned way, at the right moment, and in small steps. Because the increase in the commodity price level is inevitable in the course of price readjustment, it is necessary to introduce supporting reforms in the wage, employment, financial, and credit systems.

Finance Ministry Explains Bonds Investment

OW1509132590 Beijing XINHUA Domestic Service
in Chinese 0042 GMT 14 Sep 90

[Text] Beijing, 14 Sep (XINHUA)—Today, an official from the Finance Ministry's National Debts Administration Office answered a XINHUA reporter's questions on 1989 guaranteed value government bonds. Here are contents of the interview:

Question: This year, the People's Bank of China has twice announced reductions in interest rates for savings deposits. Will interest rates for guaranteed value government bonds issued last year by the Finance Ministry on behalf of the government also be lowered?

Answer: Last year, the State Council decided to issue 12 billion yuan worth of guaranteed value government bonds with a stipulated redemption period of three years. The annual interest rate on the bonds follows the fluctuating interest rate of the People's Bank of China for the three-year term of deposit, plus a guaranteed value subsidy rate and another decimal point. We can see from this that calculation of interest rates for government bonds is based on three factors: 1. Basic interest rates, which are equivalent to the bank's interest rate for three-year term deposits; 2. Guaranteed value subsidy rates, which are based on guaranteed value subsidy rates announced by the People's Bank of China; 3. One additional decimal point. Of these three factors, what people probably do not clearly understand is basic interest, namely the portion that follows fluctuations in the People's Bank of China's interest rates over a three-year term of deposit. When we say that the annual interest rate of government bonds will follow fluctuations in the bank's interest rate for deposits of a similar term, we mean that should the bank's interest rate for the three-year term of deposit raised after the purchase of the guaranteed value government bond, the interest rate for the guaranteed value government bond will be raised accordingly; should the bank's deposit rate be lowered after one has purchased the guaranteed value government bond, the interest rate of the guaranteed value bond will not be lowered but will remain at the original rate. For instance, if you purchased a guaranteed value government bond on 31 December 1989, the bank's interest rate for the three-year term of deposit was 13.14 percent. If the bank later lowers the interest rate, the annual interest rate of the guaranteed value government bond would remain unchanged at 13.14 percent. Should the bank raise the interest rate in the future and if this interest rate for three-year terms of deposit exceeds 13.14 percent, interest shall be calculated in different portions, that is, calculation of interest for guaranteed value government bonds for the period beginning from the date the higher interest rate took effect until the redemption date shall be based on the adjusted higher rate.

Question: How do we redeem the guaranteed value government bond once it matures?

Answer: Based on the State Council's decision, distribution and sale of 1989 guaranteed value government bonds will be handled through several channels, involving banks, the Ministry of Finance, and telecommunications departments. A nationwide system for honoring redemption of guaranteed value government bonds is in effect. In other words, after the three-year maturity period, all bond holders may redeem their holdings at any one of the redemption service offices of these departments throughout the nation.

Question: Can guaranteed value government bonds be transferred?

Answer: According to State Council regulations, the 1989 guaranteed value government bond may be mortgaged to banks and transferred at venues specified by the state. Recently, the Finance Ministry and the People's Bank of China issued a joint circular permitting the transfer of the 1989 treasury bill and the 1989 guaranteed value government bond on the market; the circular also stipulated that the transfer can only be made at state-approved intermediary organs; black market trading outside of approved organs is prohibited. According to regulations, interest on 1989 guaranteed value government bonds should be calculated from the date of purchase. To facilitate the transfer, all intermediary organs involved in such transfers may calculate transfer prices according to the month, based on varying dates of purchase.

New Commodity Circulation System Developed

OW1509001790 Beijing XINHUA Domestic Service
in Chinese 0722 GMT 13 Sep 90

[By reporter Xu Kehong]

[Text] Beijing, 13 Sep (XINHUA)—After 10 years of gradual reform, great changes have taken place in China's material circulation pattern. The rigid system of material circulation based mainly on distribution according to mandatory planning and practiced for a long time has been transformed into a new circulation mechanism combining mandatory planning, market regulation, and planning guidance. With some important means of production put on sale in the market, a means of production market under the guidance of state plans has gradually taken shape and been constantly developed and improved.

The market is a major feature of China's new material circulation mechanism. According to the Ministry of Materials, since the start of urban economic restructuring, the role of market regulation has constantly increased in material circulation. At present, the means of production market has grown to a considerable size.

In the last decade, the state has reduced mandatory planning for the distribution of the major means of production, and given enterprises more authority in selling their products. With the increase of production and expansion of foreign trade, most of the increased portions of industrial output have been supplied to the market. Of total materials, the ratio of those distributed under nonmandatory planning has been raised constantly. According to statistics compiled at the end of last year, materials earmarked for unified state distribution accounted for less than one-half of total material production. Of major means of production such as rolled steel, nonferrous metals, coal and timber, only 20 to 40 percent were earmarked for unified state distribution. Materials distributed under nonmandatory planning are

freely marketed at negotiated prices. A number of enterprises are operating in the vast free market.

The new circulation mechanism has prevented state-run materials departments from monopolizing the distribution of the means of production as they had for a long time in the past. The multi-channel material circulation system has added a new vitality to China's economy. Besides state-run materials departments, a large number of enterprises dealing in materials supply have emerged. They are playing a supplementary role in the market and helping to enliven it. They include specialized companies under various departments, collectives doing retail business, and private enterprises. These companies, collectives, and private enterprises, and those large state-run enterprises compete with and supplement each other, making material circulation more vigorous and efficient, and provide better service to customers.

Materials trade centers, which provide comprehensive service to the means of production market, have developed rapidly across the country. Nearly 300 prefectural-level and city-level materials trade centers are attracting a large number of enterprises and customers. Last year, these centers handled material transactions amounting to 65.3 billion yuan, exceeding one-third of the total transactions in materials outside of the plan, handled by the materials department. The materials trade centers, plus nearly 300 rolled steel markets across the country, are playing a positive role in improving the means of production market, and in promoting the socialization, rationalization, and modernization of materials circulation.

Enterprise Inefficiencies Drain State Funds

HK1509003090 Beijing CHINA DAILY in English
15 Sep 90 p 4

[By Chen Xiao]

[Text] An incident [as published] Chinese saying goes: "The gruel is meagre and the monks are many."

In the words of Rong Feng'e, the adage best describes the present situation in the Chinese economic sector—innumerable enterprises are hungry for funds, but the State has little money.

In an interview with CHINA DAILY, the Director of Funds Management of the People's Bank said, "The lack of funds is actually caused by inefficiency of investment."

During the first half of this year, the nation's central bank invested 61.2 billion yuan (\$13 billion), chalking up a record. Of this, 38.6 billion yuan (\$8.2 billion) went directly to industry, she said.

It indicates that the central government is loosening the financial corset it has held for nearly two years, after reading reports about the drop in industrial growth since last October.

However, the credit programme could hardly brake the decline of economic efficiency.

According to the State Statistical Bureau's recent report, in the first seven months of this year the revenues contributed by industrial enterprises under the State budget slid 20.2 percent compared to the corresponding period last year, although a 2.3 percent rise in output value at the same time is softens the blow.

Plainly, it denotes that industrial stockpiles are increasing at an alarming rate.

However, some enterprises are still crying for more investment, said the director.

Poor Management

An increasing number of enterprises ascribe the inefficiency of their business to lack of funds. They complain that it is not their fault if the cost of raw materials is going through the roof and the State will not give them enough money.

It is true that the inflation rate and the resulting money-tightening policy have been hard on enterprises used to cheap capital.

But the real cause is poor management of the investments that the enterprises have already had, Rong said.

Although it is said that all the property in State-owned enterprises belongs to the State, the word "State" is illusory. Each employee is the master of the country. However, no one has the property order, representing the State.

Even worse, much working capital is being wrongly used as bonuses just to improve the lives of employees, Rong said.

The startling inflation rate has brought stock increments to enterprises. All of the increments, according to rule, should be used as working capital, the director said.

However, most of them are actually being carved up as contributions to the State and bonuses for employees.

According to the central bank, about 60 billion yuan (\$12.7 billion) in stock increments were divided up in 1988 and 1989.

She said that "chain debts" were another reason for lack of funds.

Statistics show that this figure stood at more than 108 billion yuan (\$29 billion) by the end of July.

Happily, the State has realized the problems.

By the end of June, more than 78 billion yuan (\$16.6 billion) in debts had been cleared up.

In August, the State Council announced a package plan to settle persistent triangle debt problems and asked the country's major banks to help enforce the debt settlement plan.

Moreover, a special team headed by Wang Bingqian, Minister of Finance, was set up on August 29 to tackle the default problem.

On this point, Rong seems much more optimistic than she is on the improvement of enterprises' efficiency of investment.

Echoed by all economists, Li Qingyuan, a department director of the Beijing-based Stock Exchange Executive Council, said that the establishing of securities exchanges will no doubt help enterprises to absorb more funds.

"A securities market, one part of the capital market, is seen as one way to soak up excess liquidity in the economy and provide new funds for development," Li said in an interview with CHINA DAILY.

Securities exchanges—regarded as counter to socialism decades ago—have mushroomed in modern cities, such as Shanghai, Shenyang, Shenzhen and Zhengzhou.

Li and her colleagues are busy with the preparations for linking securities exchanges in the provinces into a Beijing-based network. The opening of a nationwide securities market is expected in October, she said.

The director of the Research Department said that the securities market can support enterprises' long-term projects which cannot produce results in a short period of time. She listed technological upgrading and capital construction as examples.

She said the securities market can promote the country's change of the industrial structure, which is high on the government agenda.

Securities markets can provide an opportunity for funds to be diverted to efficient enterprises from ailing ones, adjusting the existing irrational investment pattern. Naturally, no one will buy shares in inefficient enterprises.

Yuan Mu Explains Plans to Revamp Economy

*OW1609073390 Beijing XINHUA in English
0658 GMT 16 Sep 90*

[Text] Beijing, September 16 (XINHUA)—China will continue its drive to improve the economic environment and rectify the economic order, said Yuan Mu, director of the Research Office of the State Council.

In an article in the "PEOPLE'S DAILY" today, Yuan noted that China will focus on economic revamping in the first two years of the Eighth Five-Year Plan (1991-95) and then shift to boosting its economy.

In his view, only a few new projects will be undertaken during the 1991-95 period with most attention to be paid to technical upgrading of the existing enterprises.

Yuan called for concentrated efforts on technical upgrading projects that require less investment and generate quick economic results and tap the potential of enterprises, the newly-established ones in particular.

He also urged the localities to limit the expansion of areas for industrial construction and to erect more high buildings in medium-sized and small cities so as to save cultivated land.

Yuan Mu favored more inclined policy and input in basic industry and infrastructure while limiting the scale of processing industry.

According to Yuan, China has already tided over the most difficult period thanks to the ongoing drive of improving the economic environment and rectifying the economic order.

However, the country is still challenged by deep-seated economic problems and new contradictions, he added.

Light Industry Concentrates on New Products

*OW1609082490 Beijing XINHUA in English
0717 GMT 16 Sep 90*

[Text] Beijing, September 16 (XINHUA)—Encouraging results have spurred China's light industry to focus on developing new products and techniques, an official of the Department of Science and Technology in the Ministry of Light Industry said.

Xu Shenggang, a senior engineer, said 20 percent of new products and know-how to be developed in the coming five years are expected to come from the light industry sector.

The new developments will include energy-saving goods and other products and techniques, which may become key raw materials and know-how for the sector.

It is learned that some 8,800 new products were developed last year and 470 are expected to come out this year.

According to official appraisals, 321 products have reached world standards and 506 are considered advanced by China's own standards.

Some 250 kinds of goods, which used to be imported, are substituted with the new locally-developed ones, thus saving the country around 147 million U.S. dollars in foreign currency.

The sector's achievements will be on public display when the first China fair of light industry opens in Beijing in mid-December.

Beijing's Economy Confirms Zou Jiahua's Worries

HK1409105790 Hong Kong TA KUNG PAO in Chinese
11 Sep 90 p 2

["Special Article" by Pao Po (1032 0590): "Zou Jiahua's Worries as Seen in Beijing"]

[Text] Beijing Municipality presented the other day a report on industrial production between January and July this year which, from the operations of a partial area, has verified Premier Li Peng's judgment: "There is still a fairly grim aspect in China's overall economic situation," and the worries of Zou Jiahua, state councillor and minister of the State Planning Commission: "With problems accumulated over the years and new contradictions mixed in, the difficulties in various quarters will be fairly concentrated and obvious this year."

There Are Still Numerous Difficulties in Reversing the Production Slide

Beijing has succeeded in reversing the big industrial slide and production tempo is picking up month by month. It is indeed not easy for the city's business circles to erase the shadow of the 4 June turbulence and raise production from second to the last place nationally to being one of the best again.

But this report still soberly raises two grim issues hiding behind the achievements:

First, uneven development of production. If we analyze the increase by 4.1 percent between January and July this year over the same period last year, we can see that this growth rate was attained primarily with the support of county enterprises, particularly township and town enterprises. As the main body of Beijing's industry, state-owned large and medium-sized enterprises still registered negative growth. Although blood transfusions have been administered on many occasions since the beginning of the year, they still have not succeeded in extricating themselves from their predicament.

Second, the excessive drop in economic results. The profit and tax indexes of these state-owned enterprises obviously picked up more slowly than their output value. The number of enterprises operating at a loss increased from 49 in the same period last year to 157. In other words, close to one-third of the state-owned enterprises could not make ends meet; the deficit amount jumped from 20 million yuan to 190 million yuan.

In spite of this, the situation of reduced economic results in Beijing is still slightly better than that in the country as a whole. Of the three municipalities of Beijing, Tianjin, and Shanghai, Beijing is slightly better than Tianjin and Shanghai in this respect.

The Sluggish Market Has Not Improved

The report holds that the principal cause of poor enterprise economic results is still the sluggish market and stagnant sales. Data provided by experts show that the

monthly pickup in production growth and the state readjustment of retrenchment strength have not activated the capital goods market. Take for example steel products, cement, and coal, which were most urgently needed last year: At the North China Steel Products Fair last May, transaction volume was less than five percent of the available supplies; cement stocks in the country as a whole increased by 36.4 percent over the same period last year; coal stock has reached 150 million tonnes; and crude oil stock has increased to such a degree that production has to be restricted.

The market for such consumer goods such as for clothing and daily-use items also gives no cause for optimism. Transactions at several major commodity fairs held across the country since the second quarter of this year show that expected market changes in major textiles and other light industrial products have not materialized. The transaction volume of household electrical products has dropped by 24.1 percent. In the rural market, which was once considered to be brisk at all times, consumption in the first five months of this year dropped by 6.6 percent.

People in Beijing's business circles estimate that this condition will continue for some time. They said that it is unrealistic to expect the market to improve suddenly.

Being Fatigued, Enterprises Have Insufficient Capacity for Future Development

The sluggish market has brought a series of factors reducing enterprise profits: First, enterprises are forced to reduce production while fixed expenses remain unchanged and production costs rise; second, although the prices of raw materials and energy are up, enterprises dare not mark up the prices of their products, with the result that price rise factors cannot be passed on; third, some enterprises are forced to reduce prices in an attempt to occupy the limited market; and fourth, the increased stocks have led to more funds lying idle and more interest payments, which increases costs.

The report also raises another question meriting attention: Enterprise economic returns have been seriously transferred in recent years. For example, the constant rise in tax rates and constant increase in new tax categories have caused the transfer of large amounts of profits to taxes. The rise in credit rates has also increased costs and reduced profits. Moreover, with the continued rise in the prices of raw materials and transport charges and increased rebates for commercial purchase of products, industrial benefits have shifted in large quantities to agriculture, communications, and trade. The increase in the wages of enterprise employees every year has also taken away some profits. According to rough statistics, the transfer of profits from industries owned by the municipality reached 960 million yuan last year, not including the price rise factors and wage increases.

To sum up, with so many burdens placed on enterprises, most enterprises are "overfatigued," and their strength, as well as their capacity for future development, is seriously deficient.

The conclusion reached in the report is very much the same as Zou Jiahua's views, namely, it is quite difficult to fulfill this year's industrial production plan, especially to achieve the synchronous growth of output value and benefits, and it is even more difficult to fulfill this year's contracted profit quotas to the state. But Beijing's business circles are still confident. In their view, the difficulty does not lie so much in working hard this year as in how to solve the deep-rooted problems in China's economic life accumulated over the years so that industry, and especially state-owned enterprises, can genuinely extricate themselves from the predicament.

Preferential Interest Rates on Export Loans

HK1709104390 Beijing CEI Database in English
17 Sep 90

[Text] Beijing (CEI)—The Bank of China said it will continue in the next few months to offer preferential interest on its loans used for export purchases.

Meanwhile, the bank said it will re-consider the main acceptors of its foreign exchange loans.

According to the bank, priority is likely to be granted to the enterprises with good performance and the export goods with low cost and good sales. Imports essential to people's livelihood will also be given special support, the bank said.

In order to help realize the central government's target of exporting 9.5 to 10 billion U.S. dollars worth of machine-building and electronic products, the bank will adopt a favorable policy in financing the export.

The bank said it will raise the proportion of its foreign exchange loans on working capital to 50 percent of its total.

The Bank of China granted 196.26 billion yuan of renminbi loans on working capital to China's foreign trade companies in the first seven months of this year, a 19.1 percent increase over the 164.73 billion yuan a year earlier. Its foreign exchange loans to these companies were up 10 percent to 1.33 billion U.S. dollars, although a 23.7 percent decrease was registered for the bank's total foreign exchange loans made in the period.

China's export volume hit 28.51 billion U.S. dollars in the first seven months of this year, representing 71.3 percent of the annual quota. In the period, China had a 3.26 billion U.S. dollars trade surplus.

'Good' Results Shown by Rural Enterprises

OW1709080890 Beijing XINHUA in English
0730 GMT 17 Sep 90

[Text] Beijing, September 17 (XINHUA)—China's rural enterprises have obtained obvious results in adjusting their product mix, technical upgrading and management reform after one year of the campaign to improve the economic environment and rectify the economic order, the "ECONOMIC DAILY" reported today.

The paper quoted Chen Yaobang, vice-minister of Agriculture, as saying that these enterprises generated an output value totalling 386.9 billion yuan (about 82.3 billion U.S. dollars) in the first six months of this year, up 9.02 percent over the same period of last year.

The vice-minister attributed the good result to the State Council's efforts in issuing regulations to protect and guide rural enterprises to develop in a healthy way.

In addition, the State Council has approved the setting up of rural enterprise service centers to strengthen organizational leadership and altered the policy on credits, loans and materials supply in favor of rural enterprises.

Official Roundup Views Record Harvest Prospect

OW1409144790 Beijing XINHUA in English
1425 GMT 14 Sep 90

["Roundup: China Is Expected to Reap Another Record Harvest"—XINHUA headline]

[Text] Beijing, September 14 (XINHUA)—Exciting news has recently kept reaching Zhongnanhai, hub of China's central government, that the country is expected to reap another record harvest.

As a Chinese saying goes, "Ample food, little panic". So the promising harvest will doubtlessly play a major role in shoring up China's political, economic and social stability, the catchword of the Chinese leadership since last year's unrest, particularly when China is undergoing a major process of economic readjustment.

According to the State Statistics Bureau, China's summer grain output hit a record of 55.35 million tons this year—six percent higher than in the previous record year of 1989.

Meanwhile, the output of the country's early rice is expected to reach 50.5 million tons, an increase of 2.5 million tons or 5.3 percent over last year and the best in five years, the bureau said.

An official from the Ministry of Agriculture said that China will reap a bumper harvest in autumn crops this year. He said autumn grain is growing well in most parts of China despite disasters such as typhoons in some southern provinces.

Agriculture experts attribute the promising harvest to the government's favorable policies toward agriculture,

the farmers' enthusiasm for grain production and favorable weather conditions since the beginning of this year.

Late last year top Chinese leaders put agriculture [at the] top of the agenda in China's economic development.

With the feeding of the world's largest population in mind, the government decided to invest one billion yuan more than that of last year from the state budget in agriculture in spite of the austerity program, an increasing of 30 percent. Agricultural loans also increased by 10 percent over the same period last year. Production and supply of chemical fertilizers, pesticides and plastic sheeting for farm use have also been ensured.

Meanwhile, agricultural technology has become China's major lever for boosting grain production. Early this year the State Council issued a decision to step up popularization of agrotechnology. Some 10,000 technicians and scientists left their offices and laboratories to spread applied technology and help farmers solve practical problems.

Technology has helped add 1.9 billion kg of grain to the food baskets, an official from the Ministry of Agriculture said.

In the meantime, Liu Zhongyi, newly appointed minister of agriculture, told a national conference recently: "Although China has already succeeded in feeding its large population, we should have a proper assessment of China's agriculture situation."

Liu said that China is not yet strong enough to combat natural disasters and exploit natural resources to the full. Furthermore, he said, China cannot meet the demand for farm-use materials.

Therefore, the minister called for improving China's agricultural production conditions by stepping up comprehensive development and production of farm-use materials, expanding irrigated areas and applying more agrotechnology in order to feed China's ever increasing population.

National Seminar on Grain Purchase, Sales Reform

*OW1509132990 Beijing XINHUA Domestic Service
in Chinese 0947 GMT 14 Sep 90*

[By JINGJI RIBAO reporter Gao Shangang (7559 0810 4993) and XINHUA reporter Ji Bin (1213 2430)]

[Text] Nanning, 14 Sep (XINHUA) — A national seminar on reform of the system of grain purchase and sales in the experimental areas for rural reform across the country was held in Yulin City, Guangxi, recently.

Representatives from 20 rural reform experimental areas in 15 provinces, autonomous regions, and municipalities, and experts and scholars from relevant departments and research organizations of the central government, participated in the seminar.

During the meeting, comrades in charge in two experimental areas, Yulin City, Guangxi Zhuang Autonomous Region, and Xinxiang City, Henan Province, gave briefings on their experiments in reforming the system of grain purchase and sales over the past two years or so. Experts attending the meeting believe that because these two areas have persisted in gradually putting grain production as well as purchase and sales on the road of the socialist planned commodity economy, reformed the ills and malpractices of the current grain purchase and sales system by adopting measures to fit local conditions, and have taken positive and stable measures, they have achieved preliminary successes in arousing the enthusiasm of the peasants for production, for grain production, reducing waste in grain consumption, for bringing the upward trend of financial subsidies under control, forming a mechanism conducive to sound development of the grain market and macro-economic regulation and control, and rationalizing the relationship between urban interests and rural interests, as well as the relationship between interests within the countryside itself. The experts expressed the hope that these two experimental areas will earnestly sum up their experiences and achieve further success in the experimental work of intensifying reform.

As we understand, the rural reform experimental areas were set up after approval by the State Council in 1987 for the purpose of providing scientific bases for drawing up measures by which to intensify rural reform, rural policy, and relevant laws and regulations through experiments. After approval by the State Council, a total of 20 experimental areas for rural reform were set up in 15 provinces, municipalities, and autonomous regions in the past three years. They conducted vigorous experiments by concentrating their efforts on tackling the difficulties encountered in advancing the reform and the major issues of common concern to hundreds of millions of cadres and masses in the rural areas. The experimental areas exchanged notes on their respective experiments as well as their experiences, during the seminar. They believe that, as an important integral part of the unified strategic plan drawn up by the central government on intensifying reform, rural reform experimental areas have played an important role in consolidating, improving, and intensifying rural reform and promoting rural economic development. They pledged to comply with requirements set by the central government on "successfully running the rural reform experimental areas"; on persisting in integrating reform with development; on boldly and steadily carrying out the guiding principle of reform through experiments by seeking facts and the truth, and on making vigorous efforts to do a good job in various experimental work in the future.

East Region

Reform Changes Fujian's Economic Structure

OW1509053890 Beijing XINHUA Domestic Service
in Chinese 0700 GMT 14 Sep 90

[By reporter Hu Guohua (5170 0948 5478)]

[Text] Fuzhou, 14 Sep (XINHUA)—Important policy decisions on reform and opening to the outside world have basically changed Fujian Province's economic structure with the result that its economy is beginning to enter "the big world."

Fujian Province has been economically underdeveloped because of its mountainous terrain, excessive rainfall, and poor communications. Moreover, because of its unitary industry and product mix, the province's commodities were barely sufficient to satisfy the people's needs. Its economy has been described by people as "a back street economy." Therefore, its rich natural resources could not be exploited, and for a long period of time the province remained in a pattern of natural economy relying mainly on agricultural production.

Fujian began to free itself from this passive situation when it started implementing the reform and open policy. With the implementation of this policy, its economy began to become invigorated. The most conspicuous change in Fujian's economy brought about by reforms and opening to the outside world is the transition of a self-sufficient and closed economy to an exported- oriented one. In the past, Fujian's economy consisted mainly of agricultural production. The province's industry consisted of some agricultural and sideline products processing enterprises and some light industrial factories. They were small-scale enterprises and factories, and their products were made mainly to satisfy the needs of the province. Very few commodities were shipped out. Following the rapid development in industrial production, the number of large- and medium-sized enterprises in the province has increased from 46 in 1978 to over 200 at present; its total industrial output value this year is expected to reach 39.5 billion yuan, a fourfold increase over 1978. There also has been a marked increase in product varieties. More than 1,000 kinds of new products have been added each year in the past few years. Many commodities are exported to scores of countries and regions in addition to being sold in China's provinces and autonomous regions. At the same time, the province's agriculture has been transformed from a self-sufficient economy to developmental farming aimed at commodity production. Grain output has increased steadily, and the output of fruits, aquatic products, tea, cured tobacco, mushrooms, forest products, and other traditional products has risen by a large margin. In addition, since 1985 the province has begun large-scale imports of agricultural products. As of now, it has imported more than 2,800 kinds of fine strains, including livestock, poultry, aquatic products, fruits, melons and vegetables, trees, and flowers. This has

raised the supply of agricultural products, and many of them are being exported to earn foreign exchange. Because of the development of an export-oriented economy, Fujian's export growth in the past few years has surpassed that of its total industrial and agricultural output value and its national economy.

Another conspicuous change in Fujian's economy is the transformation of a unitary and backward managerial structure into a flexible structure employing many managerial methods. The coexistence of diversified economic undertakings, mutual competition, and the freedom to give full play to one's ability have effectively boosted economic development. Diversified economic undertakings have particularly demonstrated their superiority in supplementing each other's needs in Fujian Province. Before 1978, the greater part of Fujian's total industrial output value came from state enterprises. After 10 years of development, the proportion of collective and individual enterprises, joint ventures, cooperative undertakings, and exclusively-owned enterprises has increased year after year. In the past five years in particular, the increase in the number of joint ventures, cooperative undertakings, and exclusively-owned enterprises has been gratifying. By the end of 1989 the number had risen to over 1,400 in the province, with output value reaching 5.7 billion yuan. The output value of these enterprises is expected to exceed 7 billion yuan this year, accounting for 20 percent of the province's total industrial output value. The majority of their products are exported. Fujian's village and township enterprises, which have been developing rapidly, now number 460,000, employing more than 2.7 million workers. Their industrial output value, accounting for more than 30 percent of the province's total, has reached more than 10 billion yuan, and their exports account for 20 percent of province's total exports.

The deepening of reforms and opening to the outside world has transformed the managerial standard of Fujian's enterprises from a backward labor-intensive form of management to an advanced technology-intensive form. In the past, approximately 70 percent of Fujian's enterprises employed production standards of the 1940's and 1950's. Since it permitted large-scale importation of advanced technology and equipment, the province has approved 12,000 technology importation contracts worth more than \$600 million. This has transformed more than half of Fujian's old enterprises. As a result, around one-third of their operational standards has reached the international standards during the latter part of the 1970's and the beginning of the 1980's. According to an estimation by a department concerned, approximately one-third of Fujian's newly added industrial output value in the past 10 years was generated by relying on imported technologies. Imported technologies have also boosted the development of new industries and new products. Electronics, refined chemicals, new materials, precision instruments enterprises, and other high-tech and new-technological industries, which did not exist in Fujian in the past, are developing vigorously. Of

these, the electronic industry ranks first in the pace of development. Its output value reached 2.6 billion yuan in 1989, and some of its products have joined the front ranks in the country.

At the same time, Fujian's environment is becoming gradually more suited to opening to the outside world. Since 1979 Fujian Province has stepped up the construction of infrastructural facilities in the fields of energy, transportation, and posts and telecommunications by raising domestic funds and using foreign capital. The province has invested a total of 7.746 billion yuan in these facilities, approximately two times the total investment in the past 30 years, thus creating good conditions for further opening to the outside world.

Jiangxi Official Leads Delegation to Shanghai

HK1709071190 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 14 Sep 90

[Text] Entrusted by the provincial party committee and the provincial people's government, from 6 September to 12 September, Vice Provincial Governor Sun Xiyue led responsible persons of the departments concerned directly under the provincial authorities to Shanghai especially to learn from Shanghai's experiences relating to reform, opening up, and readjusting industrial structure; carry out investigations on Pudong's development and opening up; and to hold talks on the question of enabling Jiangxi's resource advantages and Shanghai's economic and technological advantages to complement each other.

During their investigations in Shanghai, Sun Xiyue and his entourage (visited) Pudong, (Minxing), and (Taohed-ing) development zones to learn about their development, overall planning, work arrangements, and reform measures. They also held preliminary talks with the relevant responsible comrades on how to actively support and cooperate with the development of the new Pudong area to expand Jiangxi's opening up to the outside world. The responsible comrades of the departments concerned directly under the provincial authorities who carried out investigations in Shanghai, also held counterpart talks with the responsible comrades from the corresponding departments in Shanghai City on further strengthening friendly ties of cooperation between Jiangxi and Shanghai. They signed cooperation protocols on 29 projects, including setting up "windows," developing products, technological cooperation, product marketing, information service, transforming military production into civilian production, and so on. Accordingly, Jiangxi will set up four "windows" in Pudong and Shanghai: The "window" of farm and sideline product marketing; the "window" of building industry and building materials; the window of foreign trade; and the window of goods and materials operation. Shanghai will help Jiangxi develop (meridian-line) tires and other products; provide technological guidance for Jiangxi's processing of quality nonstaple food products; increase Jiangxi's farm, sideline, special, and local

product sales in Shanghai; help Jiangxi's foreign trade sell some of its products; carry out foreign-trade transportation cooperation with Jiangxi; provide information services to Jiangxi with a view to helping Jiangxi expand export trade and make use of foreign funds; jointly make investment with Jiangxi in setting up and running leather clothing factories; and so on.

The Shanghai Municipal Party Committee and the Shanghai Municipal Government welcomed Jiangxi's support, cooperation, and participation in Pudong's development and opening up and placed hope on further strengthening friendly cooperation between Jiangxi and Shanghai.

Shanghai Municipal CPC Committee Secretary and Mayor Zhu Rongji, municipal party committee Deputy Secretary and Executive Vice Mayor Huang Ju, Vice Mayors Gu Chuanxun, Liu Zhenyuan, Zhang Xiaotian, and other leading comrades visited and met with Vice Governor Sun Xiyue and his entourage in turn.

During his stay in Shanghai, Sun Xiyue also went to see the veteran Shanghai comrades who are natives of Jiangxi Province.

Central-South Region

Thirteen Criminals Executed in Guangdong

HK1709094690 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 14 Sep 90

[Text] On the fifth and eleventh of this month and this morning, the Shantou City Intermediate People's Court held sentence pronouncement rallies in Huilai County, Chaozhou City, and Shantou City respectively, pronouncing lifelong sentences on 32 criminals involved in 11 serious criminal cases, including intentionally killing people, robbery, major larceny, intentionally injuring people, and so on.

Thirteen criminals who had seriously undermined social order, including criminal (Hu Xiangang) who had intentionally robbed and killed a person, criminal (Jin Chaomu) who had committed a major larceny case, and others, were sentenced to death and deprived of lifelong political rights in accordance with the law. The 13 criminals were executed after the sentence pronouncement rallies.

Disregarding the state law, the 13 executed criminals had either taken revenge on, and killed people over trivial conflicts, or had stolen a large quantity of public or private property. They resorted to savage and cruel means in committing crimes and caused grave consequences. Had they not been executed, it would have been impossible to assuage popular indignation.

For instance, criminal (Hu Xiangang) who had intentionally robbed and killed a person, used to work as a temporary worker in a certain factory in (Hongting) District of Shantou City. He had a conflict with a

management person surnamed Xu on a small matter. In the small hours of 22 April of this year, Criminal Hu vehemently knocked Xu, who was sleeping soundly, on the head with a lump of cement more than 10 times, gagged him, and tied up his hands. As a result, Xu was killed instantly. After killing Xu, Criminal Hu robbed Xu's office of more than 21,000 yuan. For another example, between December of 1988 and April of 1989, thief (Jin Chaomu) and others broke into more than 30 residents' households in Shantou City and stole from those households property totaling more than 82,000 yuan. Apart from that, Criminal (Jin Chaomu) also stole property totaling more than 12,000 yuan from three residents' households acting on his own.

Hunan National Defense Education Meeting Opens

*HK1709085890 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 15 Sep 90*

[Text] The Hunan provincial on-the-spot meeting to exchange experience in national defense education among the people of whole province solemnly opened in Xiangtan City on 14 September.

The meeting called on all localities to take the meeting as a new starting point and to work hard to push national defense education among the people to a new level and onto the track of making it a regular practice, socialized, standardized and codified in law.

The provincial party committee deputy secretary, Sun Wensheng, chaired the meeting. Major General Jin Feng, political commissar of the provincial military district, delivered a speech to the meeting. Vice Governor Wang Xiantian, also a member of the provincial party committee Standing Committee and director of the provincial National Defense Education Committee, made a report at the meeting, entitled: Push national defense education among the people onto the track of making it a regular practice, socialized, standardized, and codified in law. In his speech, Political Commissar Jin Feng pointed out: Guided by the guidelines of strengthening national defense education of the 13th CPC National Congress, the Seventh National People's Congress, and the speech made by General Secretary Jiang Zemin at the meeting in celebration of the 40th anniversary of the founding of the PRC, the meeting made a serious analysis of the basic situation of national defense education among the people of our province over the past few years; summed up and exchanged experience; commended the advanced; probed into how to push national defense education among the people onto the track of making it a regular practice, socialized, standardized, and codified in law.

Participants at the meeting also watched a military maneuver performance presented by personnel of the public security force, armed police, the militia, students, and government functionaries at the Xiangtan City Sports Center. Major General (Tang Weiqiang), commander of the provincial military district, delivered an ebullient speech at the end of the military maneuver.

The State Education Commission, the People's Liberation Army [PLA] General Staff Headquarters, PLA General Political Department, and the Guangzhou Military Region attached great importance to the meeting and specially sent their staff to give guidance to it.

Southwest Region

Tibet Holds Regional Meeting on Stability

*OW1509043090 Lhasa Tibet Television Network
in Mandarin 1200 GMT 14 Sep 90*

[From the "Tibet News" program]

[Text] [Video opens with a pan shot of an auditorium in which around 100 people are present, with seven leading cadres seated on the rostrum] The Tibet autonomous regional party committee held a meeting in Lhasa on the morning of 14 September to further implement the important instructions given by Jiang Zemin, general secretary of the CPC Central Committee, during his inspection tour of Tibet and the guidelines of the fourth regional party congress, as well as to further carry out in an all-around way the policy of attending to economic and political work simultaneously. The meeting was attended by leading cadres with party membership from departments directly under the autonomous region, units at and above the autonomous [du li] county level, and Lhasa City.

[Camera cuts to close-up shots of Tian Congming, Mao Rubai, Zi Cheng, and other leading cadres seated on the rostrum as their names are read by the announcer] Regional party, government, and military leaders, including Tian Congming, Mao Rubai, Jiang Hongquan, Zi Cheng, Chen Hanchang, Zhang Xiangming, and Cao Xu, attended the meeting.

[Video gives close-up shots of Zi Cheng, in Mao tunic, as he begins to speak] Zi Cheng, member of the Standing Committee of the regional party committee, first briefed the meeting on the progress made in struggling against separatism, in stabilizing the situation, and in cracking down on serious crimes. Zi Cheng said: Safeguarding political and social stability in Tibet is a paramount task for the whole party and a common responsibility of the cadres, workers, and people of all nationalities in the region. At present, security work during the period of the Asian Games and National Day is particularly important. Party and government organs, public security departments, procuratorates, courts, enterprises, and establishments, as well as their leading cadres, must further increase their understanding, raise vigilance, recognize that stability overrides everything else, give top priority to the work of stabilizing the situation, and make concerted efforts to ensure stability, the success of the Asian Games, and the long-term stability and prosperity of Tibet.

To carry out the work aimed at stabilizing the situation, Zi Cheng called for the implementation of the following

six tasks: 1) Make a vigorous effort to strengthen public security work, keep abreast of developments, and take prompt action to eliminate factors of instability; 2) perform good work in ensuring the security of key personnel, sections, and departments; 3) continue to deepen the struggle to crack down on serious crimes; 4) strengthen internal security work in units, particularly in key departments, and strictly guard against sabotage; 5) strictly keep to the policy and observe discipline; and 6) seriously strengthen leadership.

[Video shows Mao Rubai, in Western jacket, speaking, alternating with shots of other leaders and the audience, some in military uniform] Mao Rubai, deputy secretary of the regional party committee and vice chairman of the regional people's government, spoke on the current economic situation and the economic tasks in the remaining three and one-half months of this year. Mao Rubai said: The region's economic situation during the first eight months of this year was good. The economy is developing on a sound track. Agriculture and livestock breeding are developing soundly. Currently, farm crops are growing well in all parts of the region, and a bumper harvest is in sight. Barring major natural disasters, total grain output is expected to top the record year of 1989. Despite the serious snow disasters in Naqu and Changdu, livestock breeding can still maintain a fairly good level, thanks to the efforts of all quarters concerned. The region's industry, telecommunications, transportation, finance, and capital construction also produced good performances.

Mao Rubai emphatically said: The remaining three and one-half months will be the key to an all-around accomplishment of this year's task and to the complete fulfillment of the Seventh Five-Year Economic Plan. The successful completion of the tasks in the remaining months of this year will lay a solid foundation for achieving the goals set forth at the fourth regional party congress.

Mao Rubai asked leaders and leading organs at all levels to concentrate their efforts on promoting agricultural and livestock production to lay a good groundwork for next year's production. He said: Our current work must focus on preparing for and combating natural disasters affecting agriculture. It is necessary to vigorously combat frost, waterlogging, floods, and other natural disasters; successfully carry out autumn harvest; ensure procurement of harvested grain; and do a good job of sowing in the spring and winter seasons. It is necessary to do a good job in livestock breeding and processing, rationally adjust the mix of animal stock, and carry out the task of protecting animals against disasters in the coming winter and spring in line with the guidelines of the fifth regional conference on animal husbandry. At the same time, it is necessary to carry out farmland and grassland capital construction, with emphasis on water conservancy projects, to improve the infrastructure of agricultural and livestock production. It is necessary to speed up the flow of agricultural and livestock products. Departments

in charge of allocating and transferring industrial products at all levels must draw a lesson from their work and take steps to tackle major difficulties. Transportation departments must do a good job in shipping goods to and from Tibet, particularly the shipment of agricultural and livestock production materials to Tibet. All service departments must do their work well to create a favorable environment for industrial production. Commerce departments must seize all favorable opportunities to explore new agricultural and livestock markets to increase sales. They must cultivate a mentality of serving the peasants and herdsmen. While taking steps to fulfill their tasks, party and government departments at all levels must pay attention to improving party style and correcting malpractices to promote clean government. Leading cadres at all levels must take the lead in setting stricter demands on themselves and work out feasible, concrete measures suitable to the conditions of their departments and units. Cases of malpractice, once discovered, must be sternly dealt with according to law. Cases having a big impact on society must be exposed through the media to give impetus to the work of building clean government.

Mao Rubai also sternly criticized a few organs for their slack work style during office hours.

Tain Congming, deputy secretary of the regional party committee, presided over the meeting and delivered a speech.

Mao Rubai Meets U.S., Japanese Reporters

*OW1509190290 Lhasa Tibet Television Network
in Mandarin 1200 GMT 15 Sep 90*

[Announcer-read video report; from the "Tibet News" program]

[Text] Mao Rubai, vice chairman of the Tibet Autonomous Regional People's Government, consented to an interview with reporters of THE NEW YORK TIMES and Japan's KYODO NEWS AGENCY yesterday. [Video shows medium shots of Mao Rubai, in a Western business suit, talking to two reporters in a meeting room, cutting to show head shots of Mao talking and closeup shots of the two reporters taking notes]

U.S. NEW YORK TIMES reporter (Chestow) and Japanese KYODO NEWS AGENCY reporter (Nishikura) are two foreign reporters who came to Tibet after martial law was lifted in Lhasa.

During the interview, which took place at the Lhasa Holiday Inn, Vice Chairman Mao Rubai answered the two reporters' questions concerning Tibet's current situation, nationality, and religion policies, economic development, and future tasks. [Video shows head shots of (Chestow) asking questions, closeup shots of Mao talking, and medium closeup shots of unidentified officials present at the meeting]

Vice Chairman Mao Rubai said: The fact that you can come to visit Tibet shows that Tibet will continue to open to the outside world.

[Video pans the meeting room randomly to show other attendees, cutting to show bust shots of Mao talking and medium closeup shots of the two reporters taking notes] After briefing them on General Secretary Jiang Zemin's recent inspection tour of Tibet, Vice Chairman Mao Rubai said: Henceforth, in accordance with General Secretary Jiang Zemin's instruction, and while the situation in Tibet continues to stabilize, Tibet will speed up its economic development. The state will give Tibet even greater assistance in terms of financial and material resources and personnel support. Not long ago, leading comrades of the Ministry of Energy, the Ministry of Communications, the Ministry of Post and Telecommunications, and the Ministry of Light Industry inspected Tibet in succession. The purpose of their visits was to learn facts so that they can draw up measures and plans for speeding up Tibet's economic development. We can, therefore, anticipate that Tibet's economic development will be more rapid during the eighth and ninth five-year plan periods.

North Region

Economic Situation of Shanxi Province Examined

HK1409020090 Taiyuan SHANXI RIBAO in Chinese
31 Jul 90 pp 1, 2

[Article by provincial statistics bureau: "Shanxi Province Has Been Gradually Tiding Over the Most Difficult Economic Period: An Analysis of the Economic Situation of the Whole Province in the First Half of the Year"]

[Text] Since the beginning of this year, our provincial economy has been developing toward a better future. New headway has been made in economic improvement and rectification and deepening reform on the basis of last year's initial achievements. With the common efforts of the people throughout the province, some problems, such as the low speed of industrial development and the weak market, have been solved to a certain extent. But some more profound problems accumulated in the previous years, which are affecting economic stability, have not yet been fundamentally solved. Therefore, the task of economic improvement and rectification is still very arduous.

I. The Major Characteristics of Economic Operation in This Province Since the Beginning of the Year

The first characteristic: The beginning of agricultural production was good, and a new trend of benign development has appeared in the rural economy

Since the beginning of this year, all localities of our province have strengthened leadership over agricultural production. In accordance with the arrangements of the

provincial party committee and the provincial government and the spirit of the provincial rural work conference, a series of measures have been worked out for strengthening and developing agricultural production. The initiative of the broad masses of peasants has been effectively mobilized and a major climate characterized by the whole society concentrating efforts on agricultural development has further been formed, which has promoted the steady development of agricultural production and the rural economy. The main expressions of the new trend of benign development of agricultural production and the rural economy are as follows:

1. Despite the serious frost, summer grain output has still hit an all-time high. It is expected that the total summer grain output this year will reach 3,287 million kg, or 532 million kg more than last year's 2,755 million kg, which is an increase of 19.3 percent. Of this, the gross wheat output will be 3,193 million kg, which is 531 million kg more than last year's 2,662 million kg, or an increase of 19.9 percent. The total summer grain output and the wheat output will respectively be 173 million and 139 million kg more than the records set in 1986 and reach an all-time high.

2. A good trend of development has appeared in animal husbandry.

—The amount of big domestic animals continued to increase. By the end of June, the amount of big domestic animals reached 2,886,700 head, which was 83,400 head more than the same period of last year, or an increase of 3.0 percent.

—The amount of sheep on hand increased by a big margin. By the end of June, it reached 7,956,800 head, 561,000 head more than the same period of last year, or an increase of 7.6 percent. Meanwhile, the amount of domestic fowl also increased by a considerably big margin.

—Production of live pigs continued to develop. By the end of June, the amount of live pigs on hand reached 3,452,600 head, which was 208,500 head more than the same period of last year, or an increase of 6.4 percent. Of this, the amount of sows was 377,200 head, an increase of 42,100 head, or 12.6 percent. The amount of pigs slaughtered also increased in the first half of the year.

3. A trend of relatively rapid development continued to be maintained by township and town enterprises. In the first half of the year, the total output value of the township and town enterprises in this province reached 8,878 million yuan, which was an increase of 14.7 percent over the same period of last year. Of this, the total industrial output value reached 6,088 million yuan, up 12.9 percent. With regard to the total output value, the township and town enterprises have fulfilled 50.2 percent of the annual plan, reaching the target of fulfilling half of the annual task in the first half of the year.

According to an initial analysis, the main reasons for the good trend in this year's agricultural production and the rural economic situation are: 1) The leaders at all levels have been grasping agriculture in a down-to-earth manner and the entire society has concentrated efforts on developing agriculture. Thus, a favorable environment has been created for agricultural development. 2) Agricultural input has been increased by a big margin. Not only has the input of agricultural funds and materials by the governments and financial and monetary departments at various levels been increased by a considerably big margin, but also the input of funds and labor by the peasants has been increased to a certain extent. 3) Owing to the development of farmland capital construction, the basic conditions for agricultural production have been improved. 4) The prices of capital goods for agricultural production are basically stable, and their supply is better than last year. 5) The prices of major agricultural and sideline products have increased. The purchase prices of cotton and oil crops have respectively increased by 26.9 and 27.3 percent. 6) The activity of promoting agricultural production by means of science and technology has been carried out extensively.

The second characteristic is: The falling trend which appeared in industrial production at the beginning of the year, has been changed. Beginning from June, there has been an evident trend of upturn. The basic industries have continued to develop more quickly.

In the first half of the year, the total industrial output value of the province reached 18.2 billion yuan, which was an increase of 5.3 percent over the same period of last year. If that of the village industries was not included, it was 13.79 billion yuan, an increase of 3.5 percent.

1. Judging from the changes in industrial production, after several months of ups and downs, a trend of upturn has appeared in industrial production beginning from June. In January, the provincial industrial production only registered an increase of 0.4 percent, which was the lowest compared with the same period of recent years. The growth rates of February and March were higher, respectively 4.4 and 4 percent. But in April, it dropped again to 1.9 percent. In May it reached 4.1 percent. An evident upturn then appeared in June, and the growth rate reached 6.1 percent.

2. The output value was increasing more rapidly than the national average. The output values of most prefectures and cities registered an increase in the first half of the year. In the same period, the average industrial growth rate of the nation was 2.2 percent, but that of our province was 3.5 percent, or 1.3 percentage points higher. Judging from the situation of 12 prefectures and cities of our province, there was a trend of growth in nine of them. Of these prefectures and cities, the growth rates of Yanbei, Yuncheng, and another five were higher than the average growth rate of the province. Those of Yanbei and Yuncheng were respectively 9 and 6.3 percent, which were higher than the other areas.

3. The trend of steady development was maintained in energy, raw materials, and other basic industries. In the first half of the year, the output value of provincial heavy industries reached 10.11 billion yuan, which was an increase of 6.4 percent over the same period of last year. But that of light industry dropped by 3.7 percent. Coal output reached 140 million tons, an increase of 9.3 percent over the same period of last year; 15.13 billion kilowatt-hours of electric energy was produced, an increase of 0.8 percent; the outputs of iron ore, pig iron, steel, and steel products grew more than 10 percent; and the outputs of aluminum oxide, benzene, caustic soda, and chemical fertilizer were also increased.

4. A favorable turn appeared in industrial production over the past two months or so. In May, the total industrial output value of the province reached 2.47 billion yuan, which was an increase of 4.1 percent over the same period of last year and 4.8 percent higher than the output of the previous month. It was the highest in the past five months. In June, the total industrial output value was 2.75 billion yuan, an increase of 6.1 percent over the same month last year and 11.3 percent over the previous month. Production was further promoted. According to an initial analysis, there will be a general trend of growing step by step in our provincial industrial production. First, the departments at various levels in our province have strengthened their work concerning the organization and management of industrial production. Second, since the beginning of this year, the scale of capital construction has been expanded, resulting in the increase of market demand. Third, credit conditions have been loosened. By the end of May, the credit balance of various banks increased by 4.7 percent compared with the beginning of the year. Of this, the balance of credit extended for industrial circulating funds reached 11.41 billion yuan, which was 1.1 billion yuan more than the beginning of the year and 84.4 percent of the total credit balance. Fourth, by clearing up the "triangle debts," the funds shortage of enterprises was also relaxed to a certain extent.

The third characteristic is: The investment in fixed assets was increased, the investment makeup continued to be readjusted, and most of the funds were put into basic industries.

In the first half of the year, the province invested a total of 1.51 billion yuan in capital construction projects, which was an increase of 18.8 percent over the same period of last year. Of this, the investment in new projects grew 17.1 percent, that in expanded projects grew 22.8 percent, and that in reconstruction projects grew 26.6 percent. The investment in improving measures for transformation and reconstruction reached 496 million yuan, an increase of 10.1 percent over the same period of last year.

1. The investment makeup continued to be readjusted. In the first half of the year, the province invested 1.29 billion yuan in the construction of productive projects, which was an increase of 22.4 percent over the same

period of last year. The proportion of this investment in the total investment rose from 82.8 percent in the same period of last year to 85.4 percent. The investment in the construction of non-productive projects was 220 million yuan, an increase of 1.1 percent over the same period of last year, and the proportion of this investment dropped from 17.2 percent in the same period of last year to 14.6 percent. Of this, investment in the construction of dwelling houses was 90.48 million yuan, up 5.3 percent.

2. Most funds were thrown into the development of basic industries. In the first half of the year, the province invested a total of 1.17 billion yuan in the development of coal, electric energy, and coke industries as well as in transportation, post and telecommunications, and water conservancy facilities for agricultural and forestry production. This made up 77.8 percent of the total investment in capital construction. Of this, investment in the coal industry reached 640 million yuan, or 42.2 percent of the total.

3. The number of projects under construction was reduced, but that of newly started projects was increased. In the first half of the year, there was a total of 584 projects under construction throughout the province, including 452 local projects, which were respectively 110 and 93 less than the same period of last year. However, there were 38 newly started projects, which was seven more than the same period of last year. In May and June alone, the construction of 27 projects was started. The increase in the number of newly started projects merits our attention. In the future, while making efforts to increase investment returns, it is necessary to exercise strict control over the newly started projects so that investment may not swell again.

The fourth characteristic is: The market is stable, and the situation of a "weak" market began to be changed in the past two months. Prices are stable.

In the first half of the year, the total retail prices of commodities in society reached 9.3 billion yuan, which was an increase of 4.7 percent over the same period of last year. In January, as there were two great festivals—New Year's day and the Spring Festival—the total volume of retail sales increased by 10.1 percent. If price increases are factored in, the actual growth rate was 7.7 percent. In February, the volume of retail sales was much lower, only increasing by 0.9 percent. But if price increases are factored in, it actually dropped by 1.2 percent. The volume of retail sales continued to drop by 1.6 percent in March, or by 3.4 percent if price increases are factored in. In April, there was a trend of upturn. The volume of retail sales grew three percent, or less than one percent if price increases are factored in. In May and June, the trend of upturn became more obvious. The volumes of retail sales of these two months respectively increased by 7.6 and 8 percent, or 5.8 and 7.6 percent if price increases are factored in. A trend of regrowth also appeared in the retail sales volumes of the collective and individual economies. The "weak" market began to revive.

To further stimulate the market, various localities have made great efforts since the beginning of this year. As a result, some gratifying phenomena have appeared:

1. State-owned commerce has more effectively given play to its role as the main channel. In the first half of the year, the volume of retail sales of the state-owned economy reached 4.54 billion yuan, which was an increase of 7.5 percent over the same period of last year. But those of the collective and individual economies were basically the same compared with the same period of last year.

2. Country markets continued to be brisk. From January to April, the transaction volume of the country markets throughout the province reached 1.16 billion yuan, which was an increase of 13.7 percent over the same period of last year. In the first half of the year, the sales volume of agricultural and sideline products, which the peasants sold to urban residents, reached 637 million yuan, an increase of 12.5 percent.

3. The sales volume of capital goods for agricultural production continued to grow by a big margin. In the first half of the year, this sales volume reached 1.39 billion yuan, or an increase of 20.1 percent. This also reflects the brisk market of capital goods for agricultural production in rural areas.

4. Commodity prices continued to be stable. In the first half of the year, the general level of retail prices rose 1.9 percent on an average, which was much lower than the national average. Food prices began to drop from November last year, which played an important role in stabilizing market prices. In the first half of the year, food prices dropped by 1.2 percent compared with the same period of last year. Of this, grain prices and the prices of meat, domestic fowl, and eggs dropped by respectively 4.1 and 5.8 percent. The prices of clothes increased by 7.3 to 9.3 percent, and the prices of articles for daily use, which increased in the first three months, dropped respectively by 0.3, 0.6, and 0.4 percent. The growth rates of capital goods for agricultural production were maintained at 6.3 to 7.1 percent.

The fifth characteristic is: Credit conditions have more or less been loosened, more money has been withdrawn from circulation, and revenue has increased.

By the end of June, the credit balance of banks throughout the province was 29,874 million yuan, which was 1,770 million yuan more than the balance at the beginning of the year, or an increase of 6.3 percent, higher than the growth rate in the same period of last year, which was 3.9 percent. The balance of all kinds of deposits reached 28,929 million yuan, an increase of 4,051 million yuan or 16.3 percent. As the growth of deposits was faster than that of credit, the balance between bank deposits and credit was reduced from 3,230 million yuan at the beginning of the year to 950 million yuan. Credit conditions were reasonably loosened, which played a positive role in maintaining economic and social stability.

In the first half of the year, the banks put a total of 1,067 million yuan into the market, which was 217 million yuan less than the same period of last year. But in recovering money from circulation, 47.3 percent of the money had been recovered through savings deposits, which was higher than the money recovered through the selling of commodities, which made up 35.7 percent. The current balance of savings deposits in both urban and rural areas in our province reached 20.58 billion yuan, which is 3.4 billion yuan more than the beginning of the year.

Financial revenue of our province reached an accumulated total of 2.48 billion yuan in the first half of the year, which was an increase of 260 million yuan, or 12.0 percent over the same period of last year. This was chiefly a result of the increase in business tax and profit tax of the collective enterprises. Taking the situation of the whole year into consideration, this year's financial revenue may still be affected by the low industrial growth rate. In the first half of the year, the expenditure of our province reached 1.98 billion yuan, an increase of 20.2 percent over the same period of last year. Since the beginning of this year, the financial situation of our province has been better than the national financial situation. Statistics for January to May show that the national financial revenue dropped by 2.1 percent over the same period of last year, while that of our province registered an increase of 11.5 percent. This growth rate was the fifth highest of the 30 provinces and municipalities of our country.

II. The Contradictions Facing the Current Economic Work

At present, our provincial economic work is still faced with many difficulties and contradictions. They are mainly expressed by the following:

The first contradiction is: The contradiction between the increase in industrial growth rate and the overstocking of manufactured products. To boost industrial production is a matter of great concern to the party, the government, and people from all walks of life. It is important to the stability in the economic and political fields and in society. This is because if industrial production is not developing at a certain rate, it will be difficult for us to attain the target of increasing industrial production by six percent this year. However, a big problem at present is the serious overstocking of goods, which obstructs the progress of expanded reproduction. The fact that the products of industrial enterprises cannot sell well indicates that these products cannot be turned into commodities and cannot realize their value. By the end of June, the products of the budgeted industrial enterprises in our province had used a total of 2.71 billion yuan of funds, which was an increase of 44.5 percent over the same period of last year. But the overstocked products made up 36.7 percent of those sold in the same period. The total value of goods manufactured by the industrial enterprises above the county level which had been kept in stock reached 4.59 billion yuan by the end of May,

which was an increase of 1.62 billion yuan or an increase of 54.5 percent over the same period of last year. Adding those produced by township and town enterprises, the total value of goods kept in stock was about seven billion yuan.

The second contradiction is: The weak market and the increase in purchase power. In fact, this is also a contradiction between the insufficient immediate demand and the sharp increase in deposits. Since the beginning of this year, people's savings deposits and the weak market have been developing simultaneously. The total volume of retail sales has been growing slowly, but there have been signs showing a rapid growth in savings deposits. As price increases have been curbed, residents are no longer disturbed by serious inflation. They have changed from blindly engaging in panic purchase to carefully selecting and purchasing things. In particular, as the industrial and commercial enterprises have reduced the prices of their products and the market prices are continuously dropping, most residents tend to hold or deposit more money for purchase in the future rather than to spending it now. By the end of June, the savings deposits in both cities and towns had reached 20.58 billion yuan, which was 3.4 billion yuan more than the beginning of the year. On average, savings deposits increased by 567 million yuan a month. As a result of the increase in savings deposits, purchasing power has been weakened, and the pressure on the market has been lightened. However, the increase in savings deposits should also be properly controlled. The excessive increase of savings deposits will naturally result in a reduction in immediate demand. We must realize that this is an important factor in the weak market.

The third contradiction is: The comparatively rapid increase in heavy industry and the fall in light industry. In the field of energy and raw materials production, the contradiction between supply and demand cannot be solved within a short period of time. This objective fact has become a strong pushing force on Shanxi's coal and electricity production. As a result, there has been a rapid increase in heavy industry in this province. The heavy industrial output value of the province increased by 6.4 percent in the first half of the year compared with the same period of last year. In February, March, and May, the growth rates reached about seven percent, and in June, it reached 8.6 percent.

Being an energy production base in our country, it is certainly necessary for our province to maintain a steady growth in energy and raw materials production. However, with a weak market, the drop in light industrial production should arouse our serious attention. In the first half of the year, the light industrial output value of our province was 3.68 billion yuan, dropping 3.7 percent. What is more, drops appeared in all the six months. In January and April, the reduction rates reached 6.8 and 6.5 percent respectively. But in the same period, the light industrial output value of the whole country rose 2.2 percent. Due to the drop in light industrial production, the proportion of light industrial output value in the

provincial total output value also dropped from 28 percent in the past years to 26.7 percent this year. Under the current situation when the market is weak, light industrial production should be greatly promoted on the basis of speeding up the readjustment of the product mix. This is the most direct and most effective measure to improve the weak market. Therefore, it is also an important task for us to maintain a steady development of light industrial production.

The fourth contradiction is: The contradiction between increasing economic returns and the lack of a mechanism of stimulation. The low economic returns have been a main problem obstructing economic development, and an important factor restricting the healthy development of economic improvement and rectification. We must realize that under the great pressure of limited resources and large population, it is difficult for us to continue the extensive economy practiced in the past years. We must make great efforts to increase economic returns. The existing difficulties, such as the low production speed, the weak market, and the overstocking of products, should also be resolved by vigorously increasing economic returns. But in fact, since the beginning of this year, the economic returns of our industrial production have dropped rather than increased. Statistics provided by relevant departments show that in the first half of the year, the sales income of the budgeted industrial enterprises of our province dropped by seven percent, their realized profits and taxes dropped by 22.9 percent, while their costs of comparable products rose 5.3 percent. The low economic returns have seriously obstructed our economic development. There are many reasons for the low economic returns, but an important reason is that there is not an effective mechanism of stimulation. In the macroeconomic field, our regulation and control measures are not effective enough. In the microeconomic field, our management lags behind and the problems, such as high consumption, low productivity, poor quality of products, and slow circulation of funds, are still seriously restricting the development of enterprises. In addition, a series of unequal competition conditions, such as the double-track price system, the diverse tax rates, and the unfair social distribution, have affected the economic returns in varying degrees. At present, there are no effective methods for punishing the low-return units and individuals, and awarding those which have yielded high economic returns. As there is not an effective mechanism of stimulation, the existing measures cannot effectively help increase economic returns.

3. Views on Promoting Economic Work in the Second Half of the Year

1) A major task for extricating ourselves from the current economic difficulties is to vigorously enliven the market.

The breach for solving the current economic problems is still in the market. The continuous expansion of the surplus purchase power in society and the weak market form a great contrast, showing the insufficient immediate demand of the consumers. This, on the one hand, is

a reflection of the irrational industrial structure and product mix which have been formed in the course of economic development. On the other, it shows that big changes have taken place in the residents' purchasing mentality. That purchasing power has been weakened due to the increase in the savings deposit and the insufficient immediate demand of the consumers, have obstructed the change from product to commodity. As many products are unmarketable, the enterprises cannot be developed well. This is also the main reason why production has not been greatly boosted though credit conditions have been loosened this year. Judging from the current situation, in order to stimulate the market, we should not merely rely on the efforts of the commercial departments. The whole society should show concern for the market and endeavor to improve it in a comprehensive way. The enterprises must work hard to readjust their product mix so that the quality, colors, and new varieties of their products can be accepted by the consumers. But this is also a process of advancing step by step, and time is needed. Under the current situation in which the weak market has not improved, it is difficult for the production enterprises, which are under both pressure of funds and market, to readjust their product mix. We must help them solve this problem. In our opinion, it is reasonable, under the current situation to appropriately stimulate and guide the residents' consumption. Our reasons are: First, the glut of products is a false appearance which covers up the reality that products are in short supply. The demand of the residents has been concealed by the form of savings deposit, this is unfavorable to economic growth. Second, the delay in realizing the residents' demand has added pressure to the continuous development of the economy. It is unfavorable to the economic stability in the future.

Judging from the current market situation and all kinds of favorable factors, a turn for the better can be expected in the second half of the year in our provincial market. The volume of retail sales may increase at a higher rate than in the first half of the year. This is because: 1) At present, the weak market has begun to be improved and various measures conducive to market development are being implemented. 2) With the increase in the workers' wages, the purchase power of the residents will be increasing faster. 3) Most of the overstocked goods, which have resulted from the panic purchase some years ago, have been consumed, except for some durable consumer goods. The negative consequences of the panic purchase have basically disappeared. 4) As the banks have reduced their interest rates for savings deposit, the purchasing power may become greater.

2) The focus of economic work will continue to be increasing economic returns and readjusting the product mix.

At present, there are indications showing an upturn in industrial production. In June, the growth rate of light industry was already higher than that of heavy industry. This will undoubtedly become a pressure and a driving force for Shanxi's industrial development. In addition,

with the implementation of various microeconomic regulation measures of the state, the market of capital goods will be improved before the consumer market. The capacity of the capital goods market is expanding step by step, which will form an external pulling force on Shanxi's industry, because its main line of production is the means of production. In light of this situation, we believe that the industrial growth rate in the second half of the year will be obviously higher than that of the first half of the year. The comparatively high growth rate in June already showed signs of this development.

However, we hold that under the current situation when a higher growth rate is being pursued, we must maintain a cool head and should not overemphasize speed. Instead, we must firmly and resolutely put the focus of work on increasing economic returns and readjusting the product mix. The industrial structure of our province, especially the light industrial structure, does not suit the market very well and is not competitive enough. Judging from various indexes reflecting economic returns, the tax and profit rates of funds and product marketing are now decreasing while the costs of comparable products and losses incurred are increasing. This reflects that the industrial structure of our province is not good enough and cannot help us increase economic returns. Therefore, while maintaining a certain growth rate, it is necessary to increase economic returns and speed up the readjustment of the product mix. This is a pressing task for us, and we should never slacken our efforts in this regard.

3) The focus of investment should be put on strengthening the weak links.

In the second half of the year, with the implementation of various microeconomic regulation measures, the investment scale of our province will be expanded more quickly. The problem is that the trend of increasing state investment in our province is based on a consideration of the overall demand of the whole country. In our opinion, as the increase of investment in our province is an established plan of the central authorities, the focus of our local investment should be put on strengthening the weak industries as well as on increasing the quality of products, developing new varieties, and increasing the technological level. Only thus can we ensure that there is a momentum for future economic development and that the harmonious development of the provincial economy can be further realized step by step.

4) Correctly handle the relationship between stabilizing commodity prices and price reform.

Stabilizing commodity prices is one of the major targets of economic improvement and rectification. Since economic improvement and rectification began, we have been making great efforts to stabilize commodity prices and have achieved great successes. Judging from the current situation, there is an obvious trend of decrease in the growth rate of retail prices. This growth rate was 2.2 percent in January, 2.1 percent in February, 2 percent in

March and April, 1.7 percent in May, and 1.1 percent in June. The average rate of the six months was 1.9 percent. This is very important to stabilizing the general situation. It shows that we are capable of controlling the general situation and enlisting popular support. But at the same time, we must not fail to see that two problems have arisen from the falling of commodity prices. First, behind the falling of commodity prices there is an enormous financial subsidy. This form of subsidy has objectively restricted the role of the law of value. As a result, the market prices cannot accurately reflect the value of commodities and the consumers may have a misconception on the commodities. Second, the effect of the changing commodity prices this year is different from that of last year. Last year, as the base for comparison was much lower, the price increase looked very sharp. But this year, as the base is comparatively higher, there is a trend of decrease in the growth rate of commodity prices. This will inevitably make the comparative base of next year lower. Thus, it will be more difficult to control commodity prices next year. Based on this analysis, we hold that under the current favorable price situation, it is necessary to correctly handle the relationship between stabilizing commodity prices and price reform. While taking into consideration the bearing capacity of society, we must adopt microeconomic regulation measures to readjust the comparable prices of those products with irrational prices, provided the readjustment will not bring about disorder, so that we can continue to do something about price reform.

Tan Shaowen Attends Discipline Inspection Meeting

*SK1509223990 Tianjin City Service in Mandarin
2200 GMT 14 Sep 90*

[Text] The four-day municipal discipline inspection work conference ended on 14 September. The conference defined major points for the next step of work related to the building of party style, party discipline, and a clean government, which included helping the party committee and government grasp the work of checking unhealthy trends in various trades and professions, helping the party committee make continued efforts to implement the eight stipulations of the municipal party committee and government on strengthening the building of a clean government, giving emphasis to solving problems that the masses show strong reaction to, launching a struggle against corruption, bribery, and crimes with a focus on bribe-taking, and conscientiously investigating law-breaking cases inside the party.

The conference relayed the guidelines of the discipline inspection work forums held by the Central Discipline Inspection Commission and by north, northeast and east China, summed up past work, exchanged experiences, and worked out plans for the next step of discipline inspection work.

Tan Shaowen, secretary of the municipal party committee, and Liu Jinfeng, deputy secretary of the municipal party committee, attended the conference and gave

important speeches. Yang Jingneng, member of the Standing Committee of the municipal party committee and secretary of the municipal Discipline Inspection Commission, presided over the conference.

In his speech, Comrade Tan Shaowen noted: Over the past few years, the municipal Discipline Inspection Commission has done a lot of work to maintain party discipline and help the party committee grasp party style, and displayed an important role in promoting the building of party style, party discipline, and clean government and in guaranteeing sound development in reform and construction. In order to successfully carry out the municipal discipline inspection work, Tan Shaowen stressed: It is necessary to submit the discipline inspection work to the central task of economic construction and firmly foster an ideology of serving economic construction. At present, we should conscientiously investigate and handle the discipline violation cases involving party members in the economic sphere, enforce the law strictly, have a good command of the policy limits, conscientiously help and educate erring party members, implement the guiding ideology of doing everything in favor of stability, conscientiously conduct education for party members, fight corruption, and strengthen all work related to the building of a clean government. Continued efforts should be made to check unhealthy trends in various trades and professions. The discipline inspection commissions at all levels should fully display their functional role, strengthen supervision and inspection, and grasp this work until good results are achieved. The party committees at all levels should strengthen leadership over discipline inspection work, put this work on their agenda, and uphold the party style responsibility system. Each level should grasp its own work and should promote the work of the next level. Leading members of the party committees should set examples in rectifying party style and performing administrative work honestly and should support the work of the discipline inspection departments.

Tan Shaowen said in conclusion: Discipline inspection organs at all levels and discipline inspection cadres throughout the municipality should further understand the situation, strengthen confidence, enhance spirit, improve work style, and raise the discipline inspection work to a new level.

Northeast Region

Liaoning Discipline Inspection Report

SK1509043890 Shenyang LIAONING RIBAO
in Chinese 10 Aug 90 p 2

[Work report submitted by the Liaoning Provincial CPC Discipline Inspection Commission to the seventh provincial CPC congress: "Strengthen Efforts To Improve Party Style, Maintain Close Party-Populace Ties and Ensure the Smooth Implementation of the Various Tasks Put Forward at the Seventh Party Congress"—date not given]

[Excerpts] The situation in the party's discipline inspection work throughout the province in the past five years and the opinions on future work are now reported to the congress for its examination and discussion.

Major Work in the Past Five Years

In the past five years, discipline inspection organs at various levels throughout the province, under the leadership of the provincial party committee and the Central Discipline Inspection Commission, adhered to the principle of managing the party strictly in line with the stipulations of the party Constitution and the tasks defined at the 13th party congress and the sixth provincial party congress, and carried out a great amount of work for improving party style and party discipline. They made positive contributions to strengthening party leadership, safeguarding the party's unity and solidarity, purifying its ranks, maintaining its close ties with the masses, ensuring the implementation of its basic line, principles, and policies, and facilitating our province's reform, opening up, and economic construction.

1. They adhered to the four cardinal principles and defended the party's political discipline.

In the past five years, discipline inspection organs at various levels regarded adherence to the four cardinal principles and defense of the party's political discipline as the most important task for improving party style and, while continuously eliminating "leftist" erroneous ideas and obstruction to reform and opening up, waged resolute struggles against the ideological trend of bourgeois liberalization, which negates the four cardinal principles. Since 1986, following the guidelines of the circulars of the party Central Committee and the Central Discipline Inspection Commission on opposing bourgeois liberalization and strictly abiding by party discipline, we coordinated with pertinent departments to conduct extensive education among the vast number of party members throughout the province on opposing bourgeois liberalization, upholding the four cardinal principles, and strengthening the party's political discipline. The education enabled the vast number of party members to further distinguish right from wrong, improve their political quality, and effectively resist the influence of the ideological trend of bourgeois liberalization. Particularly in last year's political struggle to check the turmoil and suppress the counterrevolutionary rebellion, discipline inspection organs at various levels and the vast number of discipline inspection cadres took a firm stand, always stood at the fore of the struggle, and carried out a great amount of work to stabilize the situation. [passage omitted]

2. They persistently managed the party strictly and conscientiously investigated and handled discipline breaches.

To conscientiously implement the principle of managing the party strictly, discipline inspection organs at various levels, with the leadership of party committees and the

support of the masses, paid close attention to the investigation and handling of cases, which constituted the central link of strict enforcement of party discipline. They eliminated obstacles and interference continuously to investigate and handle a group of discipline breaches within the party and expel a group of corrupt elements from the party. From 1985 to June this year, they investigated and handled 45,377 cases, and punished 26,527 party members, 1.05 percent of the total number of party members of the province, of whom 4,509 were punished for embezzlement, bribe-taking, speculation, and profiteering; 2,645 were punished for dissolute life; 2,102 were punished for violating financial and economic discipline; 2,096 were punished for serious abuse of power to seek selfish gains; and 1,412 were punished for serious bureaucracy. Among the punished party members, 3,957 were expelled from the party, 4,625 were placed on probation, 764 were dismissed from the posts within the party, and 17,181 were given a serious disciplinary warning or disciplinary warning. [passage omitted]

3. They made unremitting efforts to correct unhealthy trends, and strived to achieve success in improving party style.

In the past few years, discipline inspection organs at various levels throughout the province always attached importance to helping party committees in improving party style. Based on investigations and study, they actively offered suggestions to party committees, and helped them formulate plans for improving party style. Under the unified leadership of party committees and coordinated with pertinent departments, they conscientiously examined and corrected the various unhealthy trends emerging in different periods that seriously undermined party-populace ties. Since 1985, they exerted great efforts to check arbitrary distribution of bonuses and materials, the import of cars in violation of the control quotas, the practice of giving parties and gifts with public funds, lavish wining and dining, travel with public funds, abuse of power for occupying too many houses, building houses in violation of discipline and decorating houses beyond set standards at public expense, and the malpractice in changing people's agricultural status into non-agricultural status, recruiting workers, and promoting cadres. They conscientiously examined and corrected the problem that party and government organs and cadres engaged in business and operated enterprises. They also examined and corrected the serious bureaucratic style of some party-member leading cadres and the unhealthy trends characteristic of some trades existing in some departments. [passage omitted]

4. They conducted education on party style and party discipline to enhance party members' sense of discipline.

Since June 1986 when the provincial discipline inspection commission held an on-the-spot meeting in Benxi on the education on party style, party discipline, and

anticorruption work, discipline inspection organs at various levels further intensified the education on party style and party discipline. Focusing on the party's basic line, in connection with the different situations and different tasks in different periods, and to counter the conspicuous problems in party members' thinking and problems affecting party-populace ties in the new situation of reform and opening up, they conducted education among party members particularly on ideals, discipline, and purpose, on unity between adherence to reform and opening up and invigoration of the economy on the one hand and strict abidance of party discipline on the other, on democratic centralism, on the party's fine traditions, and on administrative honesty. [passage omitted]

5. They achieved success in improving the discipline inspection contingent to upgrade the quality of discipline inspection cadres.

To meet the needs for improving party style in the new situation, discipline inspection organs at various levels strengthened efforts continuously to improve the discipline inspection contingent in the past five years in line with the requirements of the provincial party committee and the Central Discipline Inspection Commission, and with the attention given by party committees at various levels and the support given by organization departments. So far, 5,484 discipline inspection organizations staffed with 11,202 full-time discipline inspection cadres have been established at the units at and above the town and township level. Of these organizations, 594 are discipline inspection commissions at and above the county level, and 2,702 are discipline inspection commissions at enterprises and institutions. In this way, they by and large established a fairly complete discipline inspection work system, and a discipline inspection contingent loyal to the party's discipline inspection cause, and one that has the courage to adhere to principles and seek truth from facts and possesses fairly high political quality. [passage omitted]

Opinions on Future Work

Based on the arrangements of the party Central Committee on strengthening efforts to improve party style and party discipline, and the requirements put forward at the seventh provincial party congress, the guiding thoughts for our province's discipline inspection work for some time to come are to continue to thoroughly implement the decision of the sixth plenary session of the party Central Committee, to persistently serve the party's basic line, to adhere to the principle of managing the party strictly, to conscientiously strengthen efforts to improve party style and party discipline, to wage resolute struggles against the numerous negative and corrupt phenomena that undermine party-populace ties, to wage resolute struggles against bourgeois liberalization, to wage resolute struggles against all acts that run counter to the party Central Committee's principle of improvement, rectification, and in-depth reform, and to ensure,

through strict and impartial discipline, the smooth implementation of the various tasks set forth at the provincial party congress.

1. We should clearly understand the situation, and further enhance our understanding of the extreme importance of the need to strengthen efforts to improve party style and party discipline.

Over the past few years, party committees and discipline inspection commissions at various levels throughout the province have done a great amount of work for improving party style and party discipline, and the situation in party style is experiencing a turn for the better. Since the fourth plenary session of the 13th party Central Committee, in particular, party organizations and discipline inspection organs at various levels, under the leadership of the party Central Committee with Comrade Jiang Zemin as the nucleus, starting with the effort to punish corruption, have carried out their work in a down-to-earth manner, thus enabling the flesh-and-blood ties between the party and the masses to be further restored and developed. However, we should still remain clear-headed to note that there are still many problems in the current party style and party-populace ties, negative and corrupt phenomena within the party have yet to be thoroughly eliminated, and some unhealthy trends are still spreading. In particular, we are faced with a very complicated environment at present. The imperialist powers in the world, being bent on subjugating our country, have stepped up "peaceful evolution" toward us, the rapid changes in the situation of some socialist countries have had some impact on us, and a handful of hostile elements in the country have waited for an opportunity to stir up trouble in a vain attempt to overthrow party leadership and subvert the socialist system. Meanwhile, our economic construction has also encountered some temporary difficulties. At present, stability is above everything else that suits the public interests. It is precisely for the purpose of creating a good environment for political, economic, and social stability that we thoroughly implement the decision of the sixth plenary session of the party Central Committee, persistently manage the party strictly, and punish corruption. Under such circumstances, we are required to establish good party style if we are to strengthen party leadership, maintain close party-populace ties, and overcome the temporary difficulties in economic construction. Therefore, regarding it as an issue concerning the life and death of the party and the state, we should fully understand the extreme importance and urgency of the need to strengthen efforts to improve party style and party discipline, further enhance our sense of urgency and responsibility for improving party style, party discipline, and administrative honesty, continue the principle of "being both resolute and persistent," pay attention to guard against the reemergence of the tendency of being strong in one field and weak in the other, adopt effective measures to clear away the negative and corrupt phenomena within the party, and further enhance the party's unity and combat strength to make sure that the party's cause always stands in an invincible position.

2. We should continue to correct unhealthy trends, and conscientiously strengthen efforts to improve party style.

To improve party style and maintain close party-populace ties, we should, first of all, be determined to address and correct the unhealthy trends about which the masses have many complaints. We should continue to pay attention to the implementation of the decisions of the party Central Committee and the provincial party committee on carrying out a few practical jobs in the near future. Party committees and discipline inspection commissions at various levels should conduct inspections on a regular basis and correct problems in a timely manner once discovered. Based on the province's current situation in party style, we should, for some time to come, particularly solve the problems in four areas and the unhealthy trends in some trades. First, we should check the malpractice in the construction, occupation, purchase, marketing, and decoration of houses. Second, we should check the malpractice in personnel work, such as promotion, recruitment of workers, transfer of cadres, and appraisals of technical titles. Third, we should continue to assist pertinent departments to successfully screen and straighten out companies. Fourth, we should continue to make great efforts to check the malpractices of giving parties and gifts with public funds, lavish wining and dining, party-member leading cadres' sending children to schools with public funds. Meanwhile, party committees at various levels and departments under state organs should regard correction of unhealthy trends in some trades as an important task in the next two years, exert great efforts to carry it out, and resolutely put an end to the unhealthy trends developed by some trades by taking advantage of their own characteristics. [passage omitted]

3. We should strictly investigate and handle discipline breaches and carry out in-depth anticorruption struggles.

Investigating and handling discipline breaches within the party, and strictly enforcing party discipline are important links in the in-depth anticorruption struggle. Discipline inspection organs at various levels must conscientiously perform their responsibility and make a success in investigating and handling cases.

At present and for some time to come, we should focus on investigating and handling the cases of opposing the four cardinal principles, persistently engaging in bourgeois liberalization, and violating the party's political discipline; cases of undermining the party's centralism and unification, and disregarding the organization and discipline, such as "taking measures to counter those of higher authorities," and "refusing to take prompt action upon order and stopping immediately upon prohibition"; cases of abusing power to engage in embezzlement, bribery, and extortion, and violate laws and discipline; cases of abusing power to a serious extent to seek selfish gains and infringe upon the interests of the state and the masses; cases of giving parties and gifts with public funds, lavish wining and dining, squander and waste, and dividing up public funds and materials; and

cases of serious bureaucracy which incur grave economic losses to the state or the collective. In the process of investigating and handling cases, we should persistently enforce discipline strictly and make sure that everyone is equal before the law. The corrupt elements who have become disqualified for being Communist Party members should be resolutely expelled from the party no matter how high their positions are. From now on, when accusations and appeals are brought to discipline inspection commissions, discipline inspection commissions are responsible for investigating and handling them directly or in coordination with pertinent departments as long as they involve party members. If the cases involve a violation of administrative discipline and laws, supervision departments and judicial organs should handle them respectively. [passage omitted]

4. We should intensify the education on party style and party discipline, and strengthen supervision through discipline within the party.

Intensifying education on party style and party discipline is not only an important responsibility of discipline inspection organs but also a basic measure to succeed in improving party style and party discipline. At present and for some time to come, in line with the arrangements of the Central Discipline Inspection Commission and the ideological conditions of the current contingent of party members, discipline inspection commissions at various levels should continue to coordinate with pertinent departments to conduct education on the basic theory and basic knowledge on party style and party discipline, with Marxist theory on proletarian political parties as the major content; the education on disciplinary standards, with the "party Constitution" and "guiding principles" as the major content; the education on the party's political discipline, with adherence to the four cardinal principles as the major content; the education on the party's organizational discipline, with the system of democratic centralism as the major content; and the education on opposing corruption, advocating honesty, and developing the party's fine traditions and work styles. Through the education, we should enable the vast number of party members to truly understand in terms of theory and practice the importance of achieving success in improving party style and party discipline, take the initiative in abiding by and defending party discipline, and resist and correct the various unhealthy trends. [passage omitted]

5. We should step up building of the discipline inspection contingent itself and strive to raise the level in discipline inspection work.

In the next five years, the new situation and tasks will set still higher demands on our discipline inspection work. Discipline inspection commissions at various levels

must rely on the leadership and support of party committees to conscientiously do a good job in improving the discipline inspection contingent itself so as to meet the need for improving party style in the new situation.

We should strive to upgrade the political quality of the vast number of discipline inspection cadres. Discipline inspection organs at various levels should organize discipline inspection cadres to conscientiously study the basic theory of Marxism-Leninism-Mao Zedong Thought and the party's line, principles, and policies laid down since the third plenary session of the 11th party Central Committee, master the scientific world outlook and methodology, enhance political sensitivity and the ability to distinguish right from wrong concerning cardinal issues, raise political and policy levels, and improve the ability to correctly analyze and handle issues under complicated conditions. We should study the knowledge on the professional work of discipline inspection, and economic, legal, scientific, and general knowledge to raise our professional work level.

Discipline inspection cadres should further enhance their sense of respect for the overall situation, understand and familiarize themselves with reform and economic work, take the initiative in serving the party's basic line, focus discipline inspection work on the party's central task, ensure the implementation of the party's line, principles and policies, and raise the level in discipline inspection work continuously.

We should further strengthen the organization. In line with the requirements for political integrity and ability and the "four requirements" on cadres, we should continue to strengthen the building of the leading bodies of discipline inspection commissions, replenish the discipline inspection commissions at the provincial, city, and county levels, and improve the discipline inspection organizations at such grass-roots units as enterprises, rural towns and townships, and urban neighborhoods. Units where party committees are established should also establish discipline inspection commissions or appoint members to take charge of discipline inspection work. Secretaries of discipline inspection commissions should be Standing Committee members of the party committees at the corresponding levels. In line with the requirements of the Central Discipline Inspection Commission, units where discipline inspection groups should be established should restore or reestablish such groups. If the original discipline inspection groups are retained, they should be replenished and strengthened. The appointments, removals, and transfer of the secretaries, deputy secretaries, and Standing Committee members of discipline inspection commissions and the chiefs of discipline inspection groups should be approved by the discipline inspection commissions at higher levels. [passage omitted]

Legislator Leaves for Six-Day Poland Visit

*OW1609002790 Taipei CNA in English 1457 GMT
15 Sep 90*

[Text] Taipei, Sep 19 (CNA)—Legislator Chang Shih-Liang left for Poland Saturday for a six-day visit at the invitation of Solidarity Union leader Lech Walesa.

Chang met with some Solidarity leaders when he led a delegation to Poland last month.

He hoped the Republic of China Government would take more active steps to promote relations with the East European country.

Ministries Plan Expanded East Europe Ties

*OW1509131390 Taipei International Service
in English 0200 GMT 14 Sep 90*

[Text] The Economic Ministry and Foreign Ministry have decided to work together to develop a wide range of ties with East Europe. The Foreign Ministry plans on setting up an inter-ministerial East European affairs division to unite forces and strengthen ties with the region. And through the assistance of the Republic of China's [ROC] International Economic Development Assistance Fund, the ROC will seek to cooperate in joint investment in the areas of computer and everyday consumer products. The Foreign Ministry's move is expected to also strengthen the function of the ROC's representative office in Belgium. Economic Minister Vincent Siew [Hsiao Wan-chang] plans on leading a delegation of high-ranking trade and economic officials to Europe at the end of October.

Efforts To Free Fishermen Detained on Sakhalin

*OW1709073590 Taipei CNA in English 0254 GMT
17 Sep 90*

[Text] Taipei, Sept. 17 (CNA)—Two civilian experts are on a mission to the Soviet Union for the release of 68 fishermen aboard three fishing boats, the Council of Agriculture said Saturday.

The two are Huang Sheng-wei, executive director of the Republic of China External Fishery Cooperation and Development Association, and Professor Fu Kun-cheng, a legal advisor to the association, according to the council.

The 68 seamen, including 14 Filipinos and three South Africans, worked for Chang Yu No. 1, Shintar, and You Fa Chun, all based in Kaohsiung, southern Taiwan.

They were arrested on Sept. 10 and are now under custody in the port of Kholmsk, Sakhalin Island.

Hong Kong Office Move to Singapore Denied

*OW1509032790 Taipei CNA in English 1420 GMT
14 Sep 90*

[Text] Taipei, Sept. 14 (CNA)—Foreign Ministry Spokesman Huang Hsin-pi denied reports Friday that the Republic of China's [ROC's] ongoing representative offices in Hong Kong would be moved to Singapore after 1997.

"The reports are absolutely untrue," Huang said.

The Government of the Republic of China, Huang said, has repeatedly stated that the ROC representative offices in Hong Kong would stay after the British colony reverts to the communist-ruled China mainland in 1997.

The purpose of the offices is to work for the welfare of the Chinese people and to help contribute to the prosperity and stability of Hong Kong and Macao, Huang said.

Cooperation Begun To Reduce Deficit With Japan

*OW1709073390 Taipei CNA in English 0248 GMT
17 Sep 90*

[Text] Taipei, Sept. 17 (CNA)—The Republic of China and South Korea will strengthen economic cooperation in order to reduce their trade deficits with Japan, the Board of Foreign Trade (BOFT) said Saturday.

The two nations have agreed on a series of measures to reduce imports from Japan during the 1990 Sino-Korean economic cooperation conference. The measures include jointly developing industrial components and parts, and strengthening purchases from each other instead of buying from Japan, BOFT said.

Since 1987, Korea has implemented measures which have reduced its trade deficit with Japan from 5.2 billion U.S. dollars in 1987 to 4 billion U.S. dollars in 1989. South Korea's deficit with Japan, however, is expected to rise to 6 billion U.S. dollars in 1990.

The Republic of China 1990 trade deficit with Japan is expected to break the 8 billion U.S. dollar mark.

Defense Minister Discusses Forces, PRC Policies

*OW1509020390 Taipei LIEN HO PAO in Chinese
6 Sep 90 p 4*

[Excerpts] Defense Minister Chen Li-an stated yesterday that although there are many factors affecting the situation on both sides of the Taiwan Straits, the national army, in addition to increasing combat strength and upgrading quality, is also continuously building will-power and morale. He emphasized that even though we would be in a disadvantageous position during a military confrontation, the national army is able to fight, although it would not seek war, is ready for war, and will not shun war. If the Chinese Communists were to rashly

stir up any military action in the Taiwan Strait, they would likely pay a very high price. [passage omitted]

Interviewed by reporters of this paper, the defense minister expressed his consistent concept of military policy since taking over the ministry. Here is the interview:

[LIEN HO PAO] Although relations between the two sides of the Taiwan Strait have eased gradually over the last two years, there are still many factors affecting relations, for example the deportation of illegal immigrants. communist China has never renounced the use of force against Taiwan. Communist Chinese leader Teng Hsiao-ping is old; he is anxious to solve the Taiwan issue. Should Taiwan be attacked simultaneously by communist China's navy and air force, how long would our defenses hold out? What kind of international intervention would occur?

[Chen Li-an] I can only say that if war were to break out in the Taiwan Strait, it would involve not only confrontation of military forces but also of willpower and morale. The probability of an all-out attack on Taiwan by communist China is generally held to be not high. However, the national army has always stressed combat capability in controlling the sea, the sky, and the anti-landing war capability, especially antilanding warfare. This is to let the other party know the extremely high cost they would have to pay if they waged war against Taiwan; this would make them reluctant to take such action... Communist China would certainly evaluate the possibility of international intervention and influence. In my opinion, prolonged military confrontation would place us at a disadvantage, but the morale of the national army is good. If communist China were to take military action against Taiwan, we would surely make them pay a very high price. I believe that even though the present social situation appears to be in a mess, all the people would definitely unite to jointly defend the safety of our land.

[LIEN HO PAO] Has the military studied the "possibility" of communist China using force against Taiwan given the situation of East Europe, where socialist countries are opting for reform?

[Chen Li-an] Revolutionary reforms in European socialist countries have eased the confrontation. Relations between communist China and the Soviet Union have also eased. This also worries West European countries, especially since the 40-50 troop divisions along the Sino-Soviet border would then relocate in other regions. To us, it is especially worth close observation because reforms in East European socialist countries have not prompted reform in communist China but have led it to strengthen its totalitarian system. We should not take this situation lightly. On top of that, the Communist Chinese leaders have reached advanced age. Do they hope to attack Taiwan while they are still alive to fulfill their long-standing ambition? We cannot underestimate this point. In analyzing the enemy and oneself, most

people usually analyze the enemy based on their own thinking and methods. This is improper. For instance, after analyzing the situation in Iraq and Kuwait, the U.S. Central Intelligence Agency (CIA) concluded that Iraq would not invade Kuwait. It is the same between us and communist China. We are used to reasoning. Our pattern of thoughts are not the same as that of communist China. Therefore, we must not rely on one-sided methods to view relations between two sides of the Taiwan Strait. [passage omitted]

[LIEN HO PAO] After the Defense Ministry decides to shorten the duration of military service, how will military planning be adjusted to suit the change in numbers?

[Chen Li-an] At present, approximately 190,000 men reach military service age yearly, of which 30 percent are not able to serve because of certain reasons. Thus, we have around 145,000 compulsory service member yearly. Once the duration of military service is revised to two years, total Army strength under this new system will be around 290,000. After making careful estimations on Army strength, the Defense Ministry has arrived at the opinion that a shortening of the duration of military service will not affect the military structure in the short-run. From a long-term perspective, the ministry has decided to strengthen the national Army's firepower and mobility to make up for the reduction in manpower. Additionally, the number of males reaching military service age each year is declining. The Ministry of Defense is now planning to have women participate in national defense work by having them replace men in noncombat roles to offset the deficiency in manpower.

[LIEN HO PAO] It has been learned that the standard of the "Skysword II" air-to-air missile, which is currently being developed by Academia Sinica and which originally was based on the most advanced U.S. missile, the AMRAAM. In view of the present technical difficulties and bottleneck, will the standard be lowered to ensure its timely completion?

[Chen Li-an] This truly is a difficult problem. If we are unable to obtain some extremely high technology, we must, therefore, use our own ability to solve the problems one by one. In principle, all weapons must at a minimum meet the standard of our combat requirement. But our objective of seeking perfection will not change. For example, at all stages of a missile's development, the testing and delivery of it for use by troops, a certain time is needed to uncover problems and refer them back to research and development units for modification. After delivering the modified missile to the troops, the development unit must have a newer development plan. This process never ends. As a matter of fact, some of the missile parts developed by us are of rather good capability and standard. [passage omitted]

[LIEN HO PAO] I have heard that while chairing a meeting after you had assumed office, your first question to the military chief at the meeting was, "What is our

national defense policy?" Now I would like to ask you: What is our present national defense policy?

[Chen Li-an] This can be discussed in a broad and strict sense. Broadly speaking, national defense policy means overall coordination among the military, economic, financial, educational, and foreign relations sectors. Our policy strives to develop and increase our strength as a result of this overall coordination. Strictly speaking, our national defense policy is to take defensive positions and to seek advantageous conditions within limited space, which is the same as the following statement by President Li Teng-hui: "We are capable of going to war, but do not seek war; we are ready for war and will not shun war." In my future national defense white paper, I will give a detailed explanation of our defense policy based on the international situation, the relations between two sides of the Taiwan Strait, the national army structure, our financial and human resources, and the plans of our operation.

Efforts To Slow Down Mainland Trade Viewed

OW1709073490 Taipei CNA in English 0251 GMT 17 Sep 90

[Text] Taipei, Sept. 17 (CNA)—The Economics Ministry has decided to slow down the economic exchange with Mainland China by not increasing the number of mainland products eligible for indirect sales to Taiwan, Vice Economics Minister Chiang Pin-kung said Saturday.

For the time being, the ministry will not make any new move to encourage indirect economic and trade exchange between the two sides of the Taiwan straits in order to cool down "the mainland fever," Chiang said.

At present the government allows the indirect imports of 152 mainland products. Direct trade is still banned.

Besides freezing the items of importable mainland products, Chiang said his ministry will also tighten the control on trade promotion tours to and participation in trade shows on the mainland.

The government will also be "more cautious" than before in screening applications for making indirect investment in or technical cooperation with the mainland, he added.

Council Rules Out Import of Mainland Vegetables

OW1509132690 Taipei International Service in English 0200 GMT 15 Sep 90

[Text] The Council of Agriculture has rejected a proposal by the Economic Ministry to import mainland vegetables to order to stabilize post-typhoon-hit prices. Vice

Council Chairman Chiao Mao-yin said importing mainland produce will seriously affect Taiwan's farmers because mainland vegetables are considerably cheaper than products grown here. However, Chiao said that the council agreed to seek new reduction in tariff imposed on vegetables imported from other countries as a means to stabilize increased prices. Chiao did not specify how much tariff would be reduced and how long the reduction would be in effect, saying only that the details will be worked out by his council and the Economic Ministry.

Presidential Spokesman on Reunification of China

OW1609033390 Taipei Domestic Service in Mandarin 2300 GMT 14 Sep 90

[From the "National Hookup" program]

[Text] Chiu Chin-yi, spokesman for the Presidential Palace, said in all seriousness yesterday: President Li Teng-hui and our government have clearly stated to the Chinese Communists and the international community on many occasions that national reunification, not the independence of Taiwan, is the fighting goal of the Republic of China. The government has repeatedly stressed that, in the interests of the country's future and the 20 million compatriots on the bastion of national renaissance, we cannot afford to have an independent Taiwan.

The spokesman also pointed out: The mainland fever, which started after the government lifted the ban on exchanges between the two sides of the Taiwan Strait, has become overheated and needs to cool down to a suitable degree. However, this does not mean that we should cool down all aspects of exchanges, but should temporarily slow down the opening up of the mainland policy in depth and in width to enable the government and various sectors to make a fresh start after some sober reflection.

Meanwhile, Cheng Hsin-hsiung, deputy secretary of the Central Committee and chairman of the Mainland Work Committee of the ruling Kuomintang, confirmed yesterday that the scope of the opening up of the policy toward the mainland will remain at the current level temporarily and it will not be opened further. He said that cooling down the mainland fever will not adversely affect the current relations between the two sides of the Strait. The essence of the Chinese Communists' united front policy is to continuously isolate our country diplomatically and threaten us militarily. Therefore, it is the Chinese Communists, not our country, who should be held responsible for obstructing the development of relations between the two sides.

Hong Kong

Talks With PRC on New Airport Said 'Unlikely'

Timely Agreement Not Seen

HK1509023790 Hong Kong SOUTH CHINA
MORNING POST in English 15 Sep 90 pp 1, 3

[By Fanny Wong, Chris Yeung, and Shirley Yam]

[Text] The Government is unlikely to agree to formal negotiations with China on the 4127 billion port and airport projects, despite an official request to the Governor, Sir David Wilson.

The director of the local branch of the NEW CHINA NEWS AGENCY (NCNA), Mr. Zhou Nan, told Sir David of Beijing's request on Wednesday.

In a rare interview with the semi-official CHINA NEWS SERVICE released last night, Mr. Zhou said that the Chinese side "hopes that experts from both sides will meet as soon as possible and hold serious and thorough discussions on the relevant issues".

"We've also noticed that some people have made a lot of positive suggestions on the site, scale and financial aspect of the project recently," Mr. Zhou said.

"We believe the relevant departments should also seriously listen and take indepth studies on the feasibility of those suggestions so that the best option can be attained based on collective wisdom."

But it is understood that the government does not consider negotiation necessary because the decision on the development has been taken.

This is despite the fact that the administration is prepared to provide more information on the project and explain the multi-billion dollar plan to the Chinese side.

More briefing sessions could be arranged if the Chinese side requested them, and the government is expected to issue a statement today to outline its stance on the request.

The NCNA head insisted in the interviewed that Beijing had adopted a positive attitude to the project and agreed the territory needed a new airport in the long run.

"Given that the airport project goes beyond 1997 and involves huge amounts of money, the Chinese side can only be prudent and adopt a responsible attitude towards Hong Kong people," Mr. Zhou said.

"We hoped that the final decision of the project will be reasonable, money-saving and highly efficient.

"Only by so doing can the airport project be beneficial to Hong Kong and contribute to the territory's future prosperity and stability."

He said China's expert team was still studying the information provided by the government.

Mr. Zhou reiterated Chinese hopes that the financial arrangement study would be ready as soon as possible so they could make an assessment.

The formal request for discussions, which did not propose a date, was similar to remarks made by the State Council's director of the Hong Kong and Macao Affairs office, Mr. Ji Pengfei, in Beijing on Wednesday.

He told a visiting Hong Kong delegation he hoped Britain would send experts to Beijing for talks.

But NCNA officials denied any knowledge of the formal request.

Although the NCNA has kept close contact with the government on the project, the State Council was held responsible for the study on the government reports, a source said.

The source also maintained that no mainland-funded firms or provincial authorities could support the project before the central government gave its approval.

On Thursday, the pro-China HONG KONG CHINA NEWS AGENCY released a lengthy commentary, saying it would be irresponsible for any party to refuse to hold talks on the subject.

"China has expressed a positive attitude, it is willing to co-operate and participate," said the commentary, adding that within that context, China would also be prepared to voice its views on the site, the scale and financing of the projects.

But Executive Councillor Mr. Cheng Hon-kwan said he does not see any need for the government to discuss the feasibility of the whole project with China.

"I can't see how we can neglect the present proposal and discuss the whole issue from the very beginning all over again," he said.

He said Hong Kong urgently needed a new airport because by 1994 or 1995 Kai Tak would not be able to handle the demand.

"I don't know what they mean by discussion—if they want to clarify some confusion over information supplied by the government it is good for the two to have dialogue," Mr. Cheng said.

But he stressed that the talks should not be negotiations.

Legislative Councillor Mrs. Neille Fong Wong Kut-man said China should be given a chance to comment on the project and to seek clarification over the informations supplied by the administration.

"I cannot see how will this affect the government's authority," she said.

Situation Viewed as 'Political'

HK1609044690 Hong Kong SOUTH CHINA SUNDAY
MORNING POST in English 16 Sep 90 pp 1, 2

[By Tad Stoner]

[Excerpts] In a move expected to keep Hong Kong's airport-development project in a state of uncertainty, the government yesterday rebuffed two invitations to meet Chinese officials in Beijing for talks on the giant scheme.

China last week asked Hong Kong officials to visit Beijing to answer questions about the territory's Port and Airport Development Strategy (PAD), but the government rejected the call yesterday, replying that the Chinese should instead come to Hong Kong.

Analysts close to the project indicated yesterday, however, that the Hong Kong Government's reluctance to seek Beijing's approval was shortsighted.

"Hong Kong needs China's support for this, but it's very political. There's a lot more here than meets the eye, a lot of vested interests," one analyst said.

Hong Kong has resisted negotiating the scheme with Beijing, saying the decision to build the airport had been made already. A trip to the Chinese capital could be interpreted as an appeal for a go-head, compromising the Hong Kong Government's autonomy.

One of the functions of PADS is to boost confidence in the territory's stability and prosperity in the face of an anticipated economic slowdown during the approach to 1997.

A series of administration officials, including the governor, have already said the project would proceed whether Chinese support was offered or not.

Hong Kong's official Government Information Service said yesterday that no talks would be held in Beijing, but encouraged a visit to the territory by Chinese officials.

"The Hong Kong Government would welcome a visit to Hong Kong by Chinese experts to see our airport plans, visit various sites and hold discussions with Hong Kong Government experts," the statement said.

A team from the Chinese capital has recently visited Hong Kong to study the airport project.

Acting Chief Secretary Sir Piers Jacobs last night denied the government was resisting meeting Chinese leaders in Beijing, but insisted Hong Kong was the only appropriate place for the talks.

"No one's resisting anything, that's nonsense," Sir Piers said.

"If they want to meet, they can come down here. The site is down here, there are a lot of people down here, all the papers are down here.

"If they are going to have discussions, this is the best place to have them," he said. He declined to elaborate.

One Wednesday, the head of Beijing's Hong Kong and Macao Affairs Office, Mr. Ji Pengfei, invited a British delegation to the Chinese capital to discuss PADS, officially pegged to cost \$127 billion. [passage omitted]

The Chinese have been alarmed primarily by the timetable and cost for PADS, fearing Hong Kong's treasury would be drained and that the schedule was untenable.

Independent estimates have put the price of the project at more than \$200 billion, while plans to open the first of the Chek Lap Kok airport's two runways by mid-1997 may be impractical because of the associated road, bridge and tunnel links required.

Beijing has sought independent advice on the two issues from Mr. Gordon Wu Ying-sheung, managing director of Hopewell Holdings, one of the territory's premier engineering firms. Mr. Wu, who has close ties to Beijing, has criticised PADS planners for an over ambitious and costly design.

The cost of the Tsing Yi-Lantau link, originally projected at \$6 billion, has risen to \$10 billion, leading Sir Piers to suggest that Mr. Wu's alternate span from Sham Tseng would be more practical.

"China is in favour of the project, but not if it isn't sensible, and not if it leaves no money," the analyst said.

UK Official Arrives for Visit 15 Sep

OW1509144590 Beijing XINHUA in English
1359 GMT 15 Sep 90

[Text] Hong Kong, September 15 (XINHUA)—Lord Caithness, British minister of state for foreign and Commonwealth affairs with special responsibility for Hong Kong, arrived here this afternoon on a six-day official visit.

Speaking to reporters at the airport, the minister said: "I've come here to have a good look around and to meet people."

Asked to comment on how quickly the British Government wanted to act in returning Vietnamese boat people non-voluntarily, he did not answer the question directly, saying only "of course we want to get rid of the non-refugees as well as to resettle the refugees, and that is why we are pursuing negotiations with Hanoi to try to speed that process up."

Lord Caithness was met on arrival by the Hong Kong governor, Sir David Wilson and Lady Wilson, and Acting Chief Secretary Sir Piers Jacobs.

XINHUA Office Engages New Special Adviser

*HK1509032890 Hong Kong WEN WEI PO
in Chinese 15 Sep 90 p 16*

["Rong Kang (1369 1660), Former Director of Second Department of the State Council Hong Kong and Macao Affairs Office, Arrives in Hong Kong To Assume the Post of Special Adviser to Hong Kong XINHUA"]

[Text] Rong Kang, former director of the Second Department of the State Council Hong Kong and Macao Affairs Office, who was invited by Hong Kong XINHUA to be special adviser to the agency, arrived in Hong Kong days ago.

Zhang Junsheng, deputy director of the Hong Kong Branch of XINHUA, made the announcement yesterday at the meeting of the Hong Kong Press Committee to

make preparations for National Day celebrations. He also passed on Rong Kang's regards to the meeting participants.

Zhang Junsheng told reporters that Rong Kang is the right man for the job because he has an intimate knowledge of Hong Kong. Hong Kong XINHUA has engaged advisers by contract in the past, he added.

When asked whether Zhu Hua, former director of the Third Department of the State Council Hong Kong and Macao Affairs Office had been invited by Macao XINHUA to be special adviser to the branch, Zhang Junsheng said: To my knowledge he was.

Rong Kang was born in Zhongshan County, Guangdong. He studied in Hong Kong before. Zhe Hua was born in Zhejiang and is a former Hong Kong resident. The two have been engaged in the work related to Hong Kong and Macao for a long time.

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